

**BEARINGS**  
**FROM**  
**POLAND**

FLY & METALS LTD. Tel. (01) 548 5125/6

# FINANCIAL TIMES

No. 27,835

Saturday August 12 1978

\*15p

Wall Street  
U.K. Equities  
U.K. Gilts

For our latest views and PIMS  
reports write to R.K. Timberlake,  
19 Hanover Square,  
London W1A 1DU.

**Schlesingers**

## NEWS SUMMARY

### GENERAL

#### Leyland letter: Barton jailed

Graham Barton, former British Leyland executive, was jailed for two years at the Old Bailey for forging the Leyland "slush fund" letter and using it to obtain £15,000 from the Daily Mail.

Barton, 34, was convicted on five charges. His Turkish-born wife, Fatma, was acquitted on all three charges she faced.

BL said further investigations had revealed no evidence of any contravention of English law nor "of a worldwide bribery web."

BL said that to equate commission payments with bribery was "nonsense."

#### Polaris deal

Pickles outside the Clyde-side Polaris base were called off last night "as an act of good faith" following talks between Ministers and union leaders which produced a formula for ending the industrial civil servants pay dispute. Back Page

#### Flight delays

Airports were bracing themselves for long delays over the weekend as increased air traffic controllers resumed their work to rule. British Airways said it was unable to predict the length of delays but travellers should turn up on time and "have lots of patience." Page 3

#### Crash crew dies

All four crew were killed when a British Vulcan bomber bound for an air show near Chicago crashed on take-off at Glenview, Illinois.

#### Mission killers

Rhodesian police shot two black guerrillas killed on Thursday. The guerrillas were carrying a letter which showed 5.37 at 890.85.

They had been among those responsible for the killing of nine British missionaries and four children nearly two months ago. Page 2

#### Iran crisis

Martial law was declared in Isfahan, Iran's main tourist centre, following two days of rioting. In Shiraz further south, seven people were reported shot dead by troops outside two mosques. Page 3

#### Threat to paper

Production of the Sunday Times is threatened for the second week running by an unofficial overtime dispute involving members of the Society of Editors and Allied Trades in the publishing room. Back Page

#### Unsure thing

William Hill has accepted a four-part accumulator bet worth £100 placed by Mr. Patrick Molyneux, a part worker. He was the money for a £1 stake at the weekend is dry. The Loch Ness monster and unidentified flying objects are proved to exist in a year and a 100-1 shot called Rascals was at Newbury today.

#### Port of call

Two pilot whales found three miles off the River Tees were jockeyed out to sea by a harbour vessel before they could become a hazard to shipping.

#### Briefly

New Zealand are 35-3 in the Trent Bridge Test, returning to England's 429 (Boycott 131).

Well-preserved bodies of eight Eskimos found in Northern Greenland date back to the 15th Century.

Berta Ruck, who wrote 107 romantic novels, died aged 100. Former Burma Minister was jailed for life on corruption charges.

NATO has appointed U.S. Vice Admiral Harry Train as Supreme Allied Commander Atlantic.

Armenian woman and two sons slipped into U.S. Moscow embassy after being refused an exit visa by the Soviets.

Body of a missing British tourist, Mr. Alfred Burgess, 31, from Woking, Surrey, was found in the sea near Barcelona.

### BUSINESS

#### Gold at new peak: Equities steady

**EQUITIES** held up well against further profit-taking. FT 30-share index, up 2.4 earlier, closed 0.8 higher at 514.8, a rise of 17.6 on the week, and 152.2 over the last five weeks.

**FT Actuarial index** hardened 0.2 per cent to a new peak of 224.2. **Gold Mines index** rose 4.5 to 203.0, a gain of 37.5 on the week.

**STERLING** held steady. Government Securities index dropped 0.05 to 71.35.

**GOLD** rose \$31 to a record close of \$211.1, up 25¢ as the week. **Comex August settlement** price closed 0.70 up at \$184.6.

**COMPLEXION** of Phillips Petroleum's oil and gas liquids terminal at Teesside has been three years behind schedule and cost of the project is believed to have more than doubled to over £300m.

**INTERNATIONAL** Stores, the S&T Industries High Street supermarket chain, has decided to drop Green Shield trading stamps from all but 100 of its 654 branches.

**WHITE AND BLUE** collar civil service unions, representing over 1m workers, joined for the first time to press for trade union representation for the armed forces. Page 3

**SECOND** of two 333,000-tonne tankers built by Harland and Wolff in Belfast for U.S. owners has, like the first, been turned down. Page 3

**BRITISH** Caledonian Airways has been awarded the right to fly between Gatwick and Dallas-Fort Worth, Texas, by the Civil Aviation Authority. British Airways' application has been rejected. Page 3

**SHELL** has bought a bulk carrier from Bibby Line for about £2.5m, its first move into the ship-wood products concern, which might prove the largest U.S. takeover bid this year.

Although the terms of the bid are complex, Occidental appeared to be using its heightened cash flow from North Sea production to diversify out of energy.

Occidental refused to put a value on the bid, but calculations by Wall Street analysts put it at some \$780m, worth about \$55 a share against recent trading \$25.

Occidental said it was offering to exchange each Mead common share for 0.25 of its own, and 0.07 of its convertible preference shares plus a \$7.50 dividend. The latter would be convertible into Occidental common shares at a premium of about 20 per cent more than market value during an agreed period.

The offer also carried terms for liquidation and voting power of shares issued to Mead stockholders.

In its letter to Mead, Occidental said it would welcome a takeover bid for the company, but that it was being studied.

Occidental Petroleum is about the twelfth largest U.S. oil company, with sales last year of just over \$6bn. It is best known in Britain for its participation in the development of North Sea oil, where it has a 38.5 per cent share in the Piper and Claymore fields, and obtains 110,000 barrels a day.

Oil company is the second U.S. Sea interest to use its earnings there to diversify its operations.

Mead, of Dayton, Ohio, makes paper, pulp, packaging, furniture, and a few metal products. Its sales last year were just over \$1.5bn, and earnings were just over \$100m. The company was not an obvious takeover target, having increased profitability in the past three years. However, its prospects have been clouded by the difficulties of the U.S. paper and packaging industry.

## Peugeot undecided on UK activities after Chrysler deal

FINANCIAL TIMES REPORTER

Peugeot-Citroen has not yet decided now it will organise activities in the UK if the proposed \$430m deal to buy Chrysler's European operations goes ahead.

A senior director of the French group said yesterday in Paris that Peugeot "knew very little about the UK" and would have to make detailed studies before taking any policy decisions.

Asked whether Peugeot intended to close down any Chrysler plants in Britain, he said no decision had been taken on this.

Peugeot would still be interested in the deal with Chrysler even if the UK operations were excluded.

Faced with growing apprehension among the Chrysler work-force particularly about the future of Chrysler UK's Linwood plant in Scotland—Mr. Eric Varley, Industry Secretary, has invited officials from the nine unions concerned with the car group to talks next Monday afternoon.

There was some conflict between yesterday's statements from Paris and Whitehall. While Peugeot said that no decision had been taken, Department of Industry officials in London said that the French group had agreed to "assume all the obligations of the agreement between the UK Government and the Chrysler group."

This implies the Department suggested that Chrysler's undertakings to keep existing plants in operation and job security pledges would be kept by Peugeot.

Peugeot if the French group took control.

In reply to criticisms that the British Government had been given extremely short notice of the deal, the Peugeot director said that his group had no intention of presenting the British with a fait accompli.

While the agreement was obviously subject to the approval of the UK Government, such approval could only be asked for after negotiations between the two partners.

These talks, the Peugeot director said, had to be kept secret.

Peugeot said that the French will not take full control of Chrysler Europe until the beginning of 1981.

Arrangements had been made to give Peugeot an almost equal say in the management and share of the earnings of its former European companies during the next two years.

From January next year until the end of 1980, Peugeot and Chrysler would be associated within what the French call a Groupement d'Interet Financier (GIF), best described as a flexible corporate partnership or joint venture.

Peugeot would have a 51 per cent stake and Chrysler, the remaining 49 per cent.

Only after 1980 would Chrysler-Europe be fully absorbed by Peugeot.

The British Government will certainly play a key role in the outcome of discussions between Peugeot and Chrysler.

The French Industry Ministry yesterday welcomed the proposal. "European Commission officials said that, although they had still to see full details, at first sight their reaction was positive."

In Madrid, the Industry Ministry said that Government approval was not necessary. But the Government could step in later to protect jobs if they were threatened by rationalisation of the Peugeot and Chrysler operations in Spain.

At the meeting with Mr. Varley on Monday union officials will include Mr. Moss Evans, the Transport and General Workers' Union general secretary, and Mr. Terry Duffy, president-elect of the Amalgamated Union of Engineering Workers.

Mr. Evans said last night that they would be seeking information on Peugeot's plans and assurances on jobs.

"My feeling is that if they can keep Chrysler plants operating, Peugeot will be a better bet than Chrysler UK."

Shops stewards at Linwood said the rise and rise of Peugeot.

## China and Japan to sign friendship treaty today

BY JOHN HOPPMANN

PEKING, August 11.

CHINA and Japan are expected to sign a peace and friendship treaty tomorrow after three years of interrupted and difficult negotiations.

The proposed treaty, which has aroused strong opposition from the Soviet Union, Japan's ambitious efforts to modernise its economy under plans formulated since the death of Chairman Mao.

It may also offer a potential large Chinese market as Peking begins to open the country to greater trading opportunities.

Before Mr. Fukuda's statement, reportedly made to leaders of the Liberal Democratic Party, there had been speculation that parliamentary pressure might force the Japanese leader into insisting on some concessions over the disputed islands, over which Japan holds only de facto control.

Diplomats pointed out that certain necessary legal procedures had yet to be completed in Tokyo. But they confirmed that a drafting committee of three Chinese and three Japanese met yesterday and today.

directly aimed at Soviet expansion and its inclusion in the treaty has been seen by Peking as a deterrent to Russian ambitions in the Pacific.

The treaty will put Japan in a position to assist in China's efforts to modernise its economy under plans formulated since the death of Chairman Mao.

It may also offer a potential large Chinese market as Peking begins to open the country to greater trading opportunities.

Before Mr. Fukuda's statement, reportedly made to leaders of the Liberal Democratic Party, there had been speculation that parliamentary pressure might force the Japanese leader into insisting on some concessions over the disputed islands, over which Japan holds only de facto control.

Diplomats pointed out that certain necessary legal procedures had yet to be completed in Tokyo. But they confirmed that a drafting committee of three Chinese and three Japanese met yesterday and today.

and agreed on a wording for the troublesome element of the treaty which qualified both sides.

The foreign ministers of the two countries are dining formally tonight at the Japanese ambassador's residence, which indicates a serious disagreement.

One formal step is said to remain: authorisation of the draft by the signature of the Emperor of Japan. The documents are expected to go before the Japanese Cabinet tomorrow after formal ratification by the Japanese Emperor, which meets in the afternoon.

David Satter reports from Moscow: The Soviet news agency Tass issued a sharp warning today that conclusion of the treaty on Chinese terms would "heat up the international situation to the utmost."

Tass said that although Chinese insistence on an anti-hegemony clause "was directed expressly against the Soviet Union," it was China itself which had repeatedly demonstrated such aspirations in Asia.

## Occidental bids \$750m for Mead

BY DAVID LASCELLES

NEW YORK, August 11.

Occidental Petroleum Corporation, the U.S. oil company, has bid about \$750m for Mead, an important paper and wood products concern, in what might prove the largest U.S. takeover bid this year.

Although the terms of the bid are complex, Occidental appeared to be using its heightened cash flow from North Sea production to diversify out of energy.

Occidental refused to put a value on the bid, but calculations by Wall Street analysts put it at some \$780m, worth about \$55 a share against recent trading \$25.

Occidental said it was offering to exchange each Mead common share for 0.25 of its own, and 0.07 of its convertible preference shares plus a \$7.50 dividend. The latter would be convertible into Occidental common shares at a premium of about 20 per cent more than market value during an agreed period.

The offer also carried terms for liquidation and voting power of shares issued to Mead stockholders.

In its letter to Mead, Occidental said it would welcome a takeover bid for the company, but that it was being studied.

Occidental Petroleum is about the twelfth largest U.S. oil company, with sales last year of just over \$6bn. It is best known in Britain for its participation in the development of North Sea oil, where it has a 38.5 per cent share in the Piper and Claymore fields, and obtains 110,000 barrels a day.

Oil company is the second U.S. Sea interest to use its earnings there to diversify its operations.

Mead, of Dayton, Ohio, makes paper, pulp, packaging, furniture, and a few metal products. Its sales last year were just over \$1.5bn, and earnings were just over \$100m. The company was not an obvious takeover target, having increased profitability in the past three years. However, its prospects have been clouded by the difficulties of the U.S. paper and packaging industry.

over \$6bn. It is best known in Britain for its participation in the development of North Sea oil, where it has a 38.5 per cent share in the Piper and Claymore fields, and obtains 110,000 barrels a day.

Oil company is the second U.S. Sea interest to use its earnings there to diversify its operations.

Mead, of Dayton, Ohio, makes paper, pulp, packaging, furniture, and a few metal products. Its sales last year were just over \$1.5bn, and earnings were just over \$100m. The company was not an obvious takeover target, having increased profitability in the past three years. However, its prospects have been clouded by the difficulties of the U.S. paper and packaging industry.

over \$6bn. It is best known in Britain for its participation in the development of North Sea oil, where it has a 38.5 per cent share in the Piper and Claymore fields, and obtains 110,000 barrels a day.

Oil company is the second U.S. Sea interest to use its earnings there to diversify its operations.

Mead, of Dayton, Ohio, makes paper, pulp, packaging, furniture, and a few metal products. Its sales last year were just over \$1.5bn, and earnings were just over \$100m. The company was not an obvious takeover target, having increased profitability in the past three years. However, its prospects have been clouded by the difficulties of the U.S. paper and packaging industry.

CONTENTS OF TODAY'S ISSUE			
Overseas news	2	Leader page	12
Home news—general	3	UK Companies	14, 15
—labour	3	Mining	17
Arts	10	Ind. Companies	17
FEATURES			
The Peugeot success story	12	The offer for Mead	17
The Glorious Twelfth	13	Pleasures of diesel travel	4
Sealand: the world's smallest state	2	Worries hit the Karpov Camp	4
Amusements	15	Share Information	22, 23
Britain	15	SE Week's Dealings	22, 23
How to spend it	9	SE Week's Dealings	22, 23
Insurance	12	SE Week's Dealings	22, 23
Collections	12	Letters	12
Crossword Puzzle	16	Man of the Week	24
Economic Diary	13	Weather	24
Management Guide	14	Year Savings & Inv.	24
Share & Family	21	More London rates	20
Planning	20	Racing	16
FT Actuarial Index	20		
For latest Share Index: phone 01-246 8036			

## NEB in 'trade secrets' dispute

By John Wyles

NEW YORK, August 11. INMOS, the microprocessor company sponsored by Britain's National Enterprise Board, has run into a legal battle with the Dallas-based Mostek Corporation. Mostek is trying to stop five engineers from passing on trade secrets to the British company.

The five include Dr. Paul Schroeder, who left Mostek in April to become one of the three founding partners of Immos. Since then, four other top engineers who have been working on Mostek's version of the 84 K RAM microcomputer memory have joined Immos.

Immos specifically to give Britain a foothold in the development of this advanced technology.

Mostek was yesterday granted a preliminary injunction by a U.S. district court in Dallas prohibiting the use of or dissemination, directly or indirectly, of any trade secrets, confidential or proprietary information by any of the former employees.

A hearing has been scheduled for August 21 on Mostek's application for permanent relief. The suit has been filed against both the NEB and Immos.

Mostek said today that the company had been advised that a U.S. court had jurisdiction in the matter because Immos, although Immos is not incorporated in the U.S., it is doing business here.

## Injunction

It is not clear what the effect of the injunction is, or would be if made permanent.

Mostek says that although it is not trying to prevent its former employees from working for anybody else, it is not going to allow our technology or trade secrets to be expropriated for the benefit of a British venture or any other.

Dr. Schroeder and his colleagues, Mr. Ward Parkinson, Mr. Dennis Wilson, Mr. David Wooten and Mr. Douglas Pittman, were says Mostek involved in designing new products, several of which are scheduled for production next year.

The men had access to confidential proprietary design information about these products and also possess the knowledge to produce commercially a 64K RAM and a computer on a chip.

Mostek has suffered a serious loss of its engineers to Immos, it said today that use of its trade secrets or failure to find suitable replacements "could have a materially adverse effect on the company."

Employment at the Immos plant, just two miles away from Mostek, is planned to grow to 1,000 before microprocessing manufacturing is switched to Britain.

## Dollar falls again to record lows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR fell sharply again yesterday to complete a week of almost continuous decline against the world's leading currencies.

The response of the main central banks apparently remains calm with no indications of any significant market intervention and no reports of emergency meetings or action.

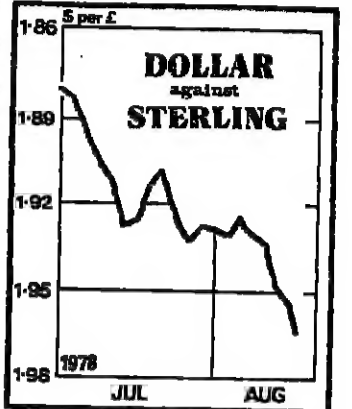
The U.S. currency fell yesterday to record lows against the Swiss franc, the West German D-mark and the Dutch guilder, and to its lowest level for three years against the French franc and for two years against the Italian lira.

The weakness of the dollar gave a further boost to sterling which closed at its highest level since March 1976, at \$1.9640, a rise of 1.1 cents on the day and 4.00 cents on the week. The trade-weighted index rose 0.2 cents yesterday to 62.60.

There was also the familiar spill-over into the bullion market where the price of gold jumped by \$31 to a new peak of \$211.1 DM 1.9677, and by 4.1 per cent against the Swiss franc to SwFr 1.8475. These two currencies have attracted most attention this week, in part catching up on the earlier strength of the Japanese yen.

Since the Bonn economic summit nearly a month ago the dollar has fallen by 9.6 per cent against the Swiss franc, by 8.5 per cent against the yen and by 4.7 per cent against the D-mark. Sterling has almost kept up this pace, rising by nearly 4.5 per cent in the period.

The authorities in London have continued on Back Page Editorial comment Page 12













## MOTORING



Volkswagen's diesel engine Golf hatchback: a deep, chuckling tick-over and more than 50 miles to the gallon.

## Thirst free joys

BY STUART MARSHALL

AT RISK of being accused of degenerating from a diesel buff into a diesel bore, I must clatter my compression-ignition hobby horse across this column once again. My excuse is the more than 3,000 miles of driving I have enjoyed this summer in two diesel powered cars—the Volkswagen Golf LD and the Peugeot 504GLD.

In France, where I did most of my 1,200 miles in the Peugeot, the logic of diesel car ownership is overwhelming. The petrol burn costs 85p a gallon whereas four-star petrol is £1.46 and two-star £1.35. And I got 41 miles per gallon out of the GLD compared with the petrol-engined 504GL's average 29 mpg. For a 30,000 miles a year motorist, that represents an annual saving of £867, which is considerably more than enough to offset the extra first cost of the diesel car.

So it is small wonder, then, that the mutter of an idling diesel engine is to be heard in any French traffic jam. The economics are less favourable here. Our petrol is the cheapest in Europe and our DERV (gasol) bears an additional 5p tax. This absurd situation is a result of government expediency last summer. They needed the Lib-Lab pact to survive but the Liberals wouldn't play unless the Chancellor topped off the 5p additional tax he had put on motor

fuel in his previous Budget. He took it off petrol but left it on DERV. And that, in my humble view, is no help at all to the Government's costly advertising campaign to persuade motorists to save fuel.

Driving with a gentle right foot, as the advertisements ask us to, is sensible and can save life as well as energy. But not the 30 per cent-plus saving that can be realised by going diesel. But I digress. Is a diesel car worthwhile here. It is difficult to give a straightforward answer. Average pump prices for DERV and four-star petrol in the London area are 83p and 74p a gallon respectively. At that rate a 504GLD would have to cover nearly 120,000 miles before it showed its owner a profit. But DERV can be had more cheaply than that. A garage on the corner of Ecclestone Street and Buckingham Palace Road sells it at 76p, which is less than it charges for four-star. A long Continental trip would transform the calculations; and so might the next Budget.

The Peugeot 504GLD is a traditional kind of diesel car, with an engine that is at its best when allowed to pull hard from fairly low revolutions—say from 30-35 mpg in top. It cruises quietly at 70 mph and will just exceed 80 mph. Though LD hatchback is by far the cheapest diesel car on the market. Looking at it with total objectivity, I rate it the best car I have driven this year.

the hour effortlessly on French minor roads.

The Volkswagen Golf LD is an altogether different kind of diesel car. It has a "dieselised" version of the 1.5 litre petrol engine and, apart from its deep, chuckling tick-over, is exactly like the 1,100 cc petrol Golf to drive. Acceleration from 0-80 mph takes a fraction over 18 seconds, which is quicker than a Mini 1000, for example. It will cruise at 85 mph, spins up to 80 mph in third gear and reveals its unorthodoxy only when you pull into a filling station.

Without any serious attempt at economy driving, I averaged 53.2 mpg over 2,251 miles. My best was 57 mpg, which included a lot of traffic driving in London; and my worst 51 mpg on a mainly motorway run of nearly 300 miles. During the whole of my test the Golf always started instantly each morning after 20 seconds with the key in the pre-heating position. It never faltered while warming up and used just one pint of oil. A friend of mine who has an earlier type of Peugeot 504D estate with a smaller engine than the GLD found it so lively he couldn't believe it was diesel powered.

At £2,545 the five-door Golf LD hatchback is by far the cheapest diesel car on the market. Looking at it with total objectivity, I rate it the best car I have driven this year.

## The exciting march of the young lions

THE DELIGHTFUL prospect of a final round battle between the two finest young golfers in Europe, Nick Faldo of Welwyn Garden City and Seve Ballesteros of Spain, is almost certain to take place in York today at Fulford Golf Club in the £50,000 Benson and Hedges International Open.

One says practically certain because a strong international supporting cast may also take a hand in things. And because the incredible Ballesteros has won the last two European tournaments, in Germany and Scandinavia, and is trying for the hat-trick last achieved in Europe by Peter Alliss 20 years ago, in Italy, Portugal and Spain, there will be considerable pressure on the swash-buckling Spaniard apart from that which he places on himself by attacking without any regard for caution from first to last.

This makes the ensuing battle so exciting, because the two major British hopefuls in terms of youth, Faldo and Mark James, are such dour characters, as is the old stager, Neil Coles, who is also by no means out of it yet.

In the glorious sunshine that has thankfully done a great job to help to dry out a virtually waterlogged course, Faldo snatched a one-stroke lead with a third round of 68, five under the altered par, to total 204, nine under. At 205 are Ballesteros (85), James (70) and the South African, Tienie Britz (68). Coles (87) is in a trio at 207 that also includes Ulsterman Eddie Pollard (67).

## Karpov's corner frowns

VICTOR KORCHNOI, after missing several chances to take the lead in the world chess championship and then going one down in the eighth game, staged a full recovery on Thursday. The Russian defector took full advantage of an Anatoly Karpov blunder which lost look for bishop, won the 11th game in 50 moves, and is now level

at one-one in the series. Around the time that Karpov scored his win, ex-world champion Tal, writing in Pravda, attacked Korchnoi for his "incorrect and unsporting" protests and claimed that Karpov was steadily improving his play in the match. The three games in the past week, however, will have brought worried frowns to the Soviet camp.

In all of them Karpov's approach has lacked confidence. His passive defence to the queen's Gambit in Game 9 allowed Korchnoi strong pressure on the central lines, which the challenger mis-handled by his chronic weakness of becoming short of time.

Karpov produced a brilliant knight sacrifice in the opening of Game 10, which Korchnoi took 43 minutes on his clock to decline—wisely, for acceptance would have allowed a winning

attack. Karpov then obtained one of the classically favourable endgames with two bishops against bishop and knight, but spoiled it by rushing his moves. Any of the post-war world champions from Botvinnik to Fischer would have won such an end game—but so, significantly,

would a top-form Karpov who has scored many points from similar positions. Karpov's losing blunder in Game 11 was a product of mechanical thinking. When Korchnoi occupied an open line, Karpov assumed that the intention was the normal plan of doubling rooks. Instead, Korchnoi brought his queen to the attack and Karpov's position collapsed.

When Karpov went in front, the Soviet Press increased its coverage, even to the extent of showing a game in play with Karpov, board, men and clock in view and the picture trimmed to exclude Korchnoi. Korchnoi's camp retaliated with some fierce language about his leaving the Soviet Union to "escape the handshakes of Karpov and his crew"; both sides have asked that the other delegation be frisked on entering the hall, and Korchnoi now wants draws offered via the referee instead of directly between the players. It seems that the pressure of this off-board controversy and of the occasion itself are getting through to Karpov. His blundering Game 11 reflected the hammering he has taken in other games with the black pieces. Korchnoi has his own problem—his prepared Ruy Lopez defence which served well in the early games is looking suspect. But the challenger is back in the match, and the final result is now very open.

## GOLF

BEN WRIGHT

He made an eagle three possible at the 501 yards 11th hole by hitting a three wood second shot from the right hand rough, 265 yds 10 ft from the hole, and duly negotiated the putt.

He almost drove the green at the 325 yds 12th hole for the eastern of birds, and made another at the 525 yds 15th from a greenside bunker which he found with a five iron. Ballesteros exploded 6 ft from the hole this time.

The only really two poor drives he hit throughout yielded him his last two birdies! But that is so often the story, so marvellously dexterous is this young hero at extricating himself from the worst possible trouble.

At the 440 yds 15th hole, Ballesteros conjured an eight iron shot with a restricted swing from under the trees in violence. The Spaniard simply had to banish the damaging back inside the line and very hook from his repertoire if he was to succeed in the best company, and today, a

softly only 10 ft from the hole. He was in even worse trouble among the trees at the next, so much so that he could not stand upright.

Faldo had equal halves of 33, but his round was a mixture of brilliance and mistakes. He got away to a perfect start with a 35 ft putt for a birdie at the first, but needed two chips at the second having hooked his four iron left of the green. He was fortunate at the fourth to get a free drop from the sheds after another wild hook but after an easy birdie at the short par four sixth hole hit a lovely two iron shot only a yard from the cup at the seventh for another fantastic birdie.

Faldo had to be content with a par at the ninth because his drive was so badly hooked he had to hack out sideways. He made his score in the first four holes after the turn, pitching dead at the 11th for a birdie, holding a 12 ft putt at the next for another, and making an eagle three at the 13th with a three-wood shot that travelled 257 yards to come to rest 20 ft from the hole.

Faldo dropped strokes at the next two holes because he became so "pumped up"—those are his own words—that he overshot both greens. But he made a birdie at the 17th. The draw sheet for today's play indicates that he will play head to head with Ballesteros for the first time since their clash in Belgium last autumn which resulted in victory for the Britisher.

What is so impressive about Ballesteros's game now is that he is teaching himself to hit the ball from left to right, the safe way when one is striking the ball with such violence. The Spaniard simply had to banish the damaging back inside the line and very hook from his repertoire if he was to succeed in the best company, and today, a

## WORLD CHESS

LEONARD BARDEN

EUROPE'S LEADING/SPECIALIST AUCTION CO.

## VICTORIA &amp; CO.

PROUDLY ANNOUNCE THEIR NEXT BUCKINGHAM PALACE ROAD  
**PUBLIC AUCTION**  
ON SATURDAY 19th AUGUST AT 11 a.m.

If you have a fine vintage or classic car allow us to show it to over 2,000 prospective purchasers and realise its full value.

Hurry and consign today. We may still have a space for your car.

Cars already consigned include:

1936 V12 LAGONDA Saloon  
1927 ROLLS-ROYCE 20 h.p. Tourer  
1947 ARMSTRONG SIDDELEY  
1956 JAGUAR XK140 Roadster  
1961 MORGAN + 4 Coupe  
1956 ROLLS-ROYCE Silver Wraith Limousine  
1967 ASTON MARTIN DB6 Volant  
1973 FERRARI DINO 246GT  
1964 BENTLEY S111 Continental  
1936 ALVIS Speed 25 Charlesworth  
1957 BENTLEY S1 S/Steel  
1964 ASTON MARTIN DB5  
1933 VAUXHALL 24 h.p. Tourer  
1938 ROLLS-ROYCE 25/30 by Mulliner  
1948 DODGE 4Dr Sedan  
1965 BENTLEY S111 Continental  
1974 FERRARI Daytona  
1948 DELAHAYE 135M Drophead  
1965 TRIUMPH TR4A

1947 M.G. T.C. Concours condition  
1958 JAGUAR XK150 Drophead  
1961 ALVIS TD21 Drophead  
1969 MERCEDES 280SL Roadster  
1965 SUNBEAM TIGER V8  
1963 AUSTIN HEALEY 3600  
1960 CADILLAC Coupe De Ville  
1962 ROLLS-ROYCE SCII  
1977 ASTON MARTIN DBS V8  
1957 AUSTIN HEALEY BM7  
1972 JAGUAR V12 "E" Roadster  
1950 ALVIS TB14 Tourer  
1963 MERCEDES 220SE Drophead  
1973 JAGUAR V12 "E" 2 + 2  
1970 MARCOS 3 Litre  
1961 DAIMLER Dart  
1963 JAGUAR 3.8 "E" Type  
1964 AUSTIN HEALEY 3000  
1971 ROLLS ROYCE S/Shadow  
1961 ASTON MARTIN DB4  
1962 ROLLS-ROYCE SCII Drophead

PLUS OVER 200 FURTHER CARS EXPECTED

Prospective bidders must register prior to the auction and leave a refundable £100 deposit to obtain a bidder's card.

ENTRY TO THE AUCTION WILL BE BY  
CATALOGUE ONLY

U.K. £4 OVERSEAS AIRMAIL £5

PLEASE CONTACT US FOR FURTHER INFORMATION

199 BUCKINGHAM PALACE ROAD, LONDON, S.W.1.

Telephone: 01-730 9438/9. Telex: 886838.

## MOTOR CARS

You want to  
test drive and buy a  
new BMW near your  
office, because it's  
convenient.  
That's why there's a  
new BMW Centre in  
Bishopsgate.

NOW YOU CAN TEST-DRIVE ONE, BUY ONE,  
LEASE ONE, SELL ONE, EXPORT ONE,  
AND FINANCE ONE, ALL IN ONE CENTRE - IN  
THE HEART OF THE CITY OF LONDON.



Centre

220-226 Bishopsgate, London EC2M 4JS.

Near Liverpool St. Station. Tel: 01-247 0940/5/6

THE COOPER CAR COMPANY LIMITED.

PORSCHE

If you're looking for something  
special, talk to the specialists.

Experience our experience.

A.F.N. Limited Falcon Works, 400 London Road,  
Isleworth, Middlesex. Telephone: 01-560 1011 Telex 261135.

Also showroom at: 12-18, Midland Road, Guildford,  
Surrey. Telephone: Guildford (0483) 38448/9.

Chipstead

are proud to announce their  
appointment as

LOTUS MAIN DEALER

at

CHIPSTEAD OF KENSINGTON

01-749 7387

CHIPSTEAD OF

HAMPTON COURT

01-943 0971

Lotus

HAND BUILT CARS

Mercedes-Benz Dealers  
CLOVER LEAF CARS

240D W123 1977. Signal red.  
33,200 miles. p.p.s. £8,995

230 W123 1977/78. Medium red.  
21,200 miles. p.p.s. £8,995

230 W123 1977/78. Medium red.  
21,200 miles. p.p.s. £8,995

Telephone: 01-248 5115

01-248 5115

01-248 5115

01-248 5115

01-248 5115

01-248 5115

01-248 5115

accelerate to  
Saturday's  
motoring page



IT'S FOR PEOPLE IN A HURRY -  
SO WHY WAIT?

New cars, road tests,  
maintenance checks,  
by Stuart Marshall - every  
Saturday.

Advertisement rate:  
£14.00 per single column centimetre.

Contact Simon Hicks at the  
Financial Times, Bracken House,  
10 Cannon Street, London EC4P 4BY  
Tel: 01-248 5115

FINANCIAL TIMES

ON SATURDAY -

THE FIRST OF THE SUNDAYS



## THE WEEK IN THE MARKETS

## Quickly over the 500 hurdle

Buyers were quickly out of their blocks at the start of the new account and the FT Industrial Ordinary Index was soon through the 500 barrier. Having passed this mark on Monday morning equities continued to push ahead with institutional demand chasing precious little stock. The mid-July banking figures brought a brief check on Tuesday afternoon. Many had expected interest bearing eligible liabilities to fall whereas in fact they rose by \$441m.

Nevertheless selling was only small and buyers were soon on the scene again, turning a 2.3 point drop in the index on Wednesday morning into a gain of 9.2 by the close. Some measure of profit taking was inevitably following, a 19 point gain in the first three days trading but by the end of the week this had apparently been absorbed.

## LONDON

## ONLOOKER

Pall Mall. The Canadian Rothmans owns a 50.1 per cent stake in brewers, Carling, O'Keefe, which also has some oil interests.

If the deal satisfies the shareholders, Rothmans' controlling interest in the Canadian operations will give it access to a group which produced earnings last year of \$11.5m. Inclusion in the latest accounts would show a 14 per cent increase.

Rothmans' Pall Mall Canada has met with favour in the stock market. After Thursday's announcement of the details the shares reached a new high for the year—89p.

The details themselves offer some reassurance for the outside shareholders. Dr. Rupert holds 43.7 per cent of the shares in Rothmans International and 50 per cent of the voting rights as well as nearly 88 per cent of the Canadian Rothmans. But he does not intend to use his voting rights at the extraordinary general meeting next month.

So outside shareholders will be able to concentrate on the main puzzle behind the deal. Why has Rothmans committed itself further to the tobacco market when only a year ago it was making loud noises that it intended to diversify out of tobacco?

No clue is provided in the acquisition circular although Rothmans is anxious to emphasise that "a measure of product diversification" will be achieved through the purchase of the 85.6 per cent stake in Rothmans. But the immediate dividend prospects from composites are not exciting in that under the new rules there still seems nothing to enable companies to lift rates above the 10 per cent limit.

Meanwhile, the timing of the latest placings and rumours that other boardrooms are considering similar action, suggest that some finance directors sense the end of the boom. Alternatively, the speed with which institutions have picked up the spare paper is a further pointer to weight of money and, in the absence of many rights issues, the desperate shortage of cash outlets.

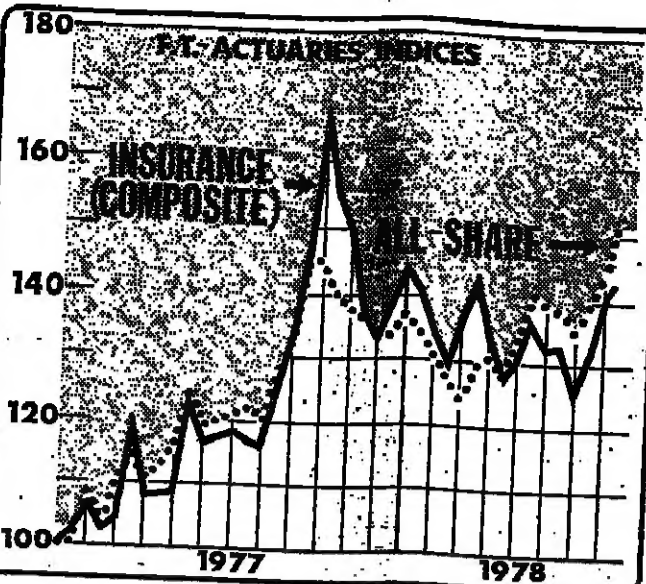
While NatWest's decision to boost its free equity ratio, the other sale marks the end of Babcock's abortive bid for Butterfield.

Minority sales. As shares continued to push forward, two more large companies grabbed the opportunity to offload minority stakes which had served their use. Last Thursday saw the placing both of NatWest's 4.6 per cent stake in Commercial Union plus the disposal of Babcock and Wilcox's 20 per cent interest in Butterfield-Harvey. This latest action followed Allied Breweries' sale of the previous week of the beer giant's stake in Trust Houses Forte in advance of its bid for J. Lyons.

A sustained Stock Market revival has certainly given companies the chance to bale out with a decent profit. Babcock netted gains of more than \$1m, while NatWest's \$4m loss, which would be seen against the earlier sale (at a profit of \$21m) of its Mercantile Credit stake to CU.

CU's operating rate (claims of and expenses to premiums) in the second quarter to 100.3 per cent from 99.0 per cent in the first quarter. Although this is still a big improvement on last year, the signs are that the U.S. market has very little room left for improvement—there are no further rate increases in the pipeline on the automobile account. GA's picture looks brighter at present, but some time over the next year profitability is likely to start declining. The hopes are that the trough will be shallow this time round. Royal's results should confirm this pattern. For 1978, the market now expects pre-tax profits of £135m to £140m for CU and around £90m for GA.

But the immediate dividend prospects from composites are not exciting in that under the new rules there still seems nothing to enable companies to lift rates above the 10 per cent limit.



THE TOP PERFORMING SECTORS IN FOUR WEEKS FROM AUG. 10

Sector	% change
Building Materials	+147
Insurance (Life)	+135
Contracting, Construction	+134
Other Unclassified	+132
Toys and Games	+131
Elect. Radio, TV	+127
All-Share Index	+83

THE WORST PERFORMERS

Sector	% change
Chemicals	+58
Motors and Distributors	+54
Textiles	+33
Overseas Traders	+31
Newspapers, Publishing	+23
Others	-0.6

U.K. INDICES

Index	Aug. 11	Aug. 4	July 28
Govt. Secs.	71.22	70.83	70.89
Fixed Interest	72.84	72.54	72.19
Indust. Ord.	511.5	495.5	484.4
Gold Mines	197.4	187.1	174.4
Dealings mtd.	4,097	5,116	5,169

FINANCIAL TIMES

Index	Aug. 11	Aug. 4	July 28
Govt. Secs.	71.22	70.83	70.89
Fixed Interest	72.84	72.54	72.19
Indust. Ord.	511.5	495.5	484.4
Gold Mines	197.4	187.1	174.4
Dealings mtd.	4,097	5,116	5,169

FT ACTUARIES

Index	Aug. 11	Aug. 4	July 28
Govt. Secs.	71.22	70.83	70.89
Fixed Interest	72.84	72.54	72.19
Indust. Ord.	511.5	495.5	484.4
Gold Mines	197.4	187.1	174.4
Dealings mtd.	4,097	5,116	5,169

CONSUMER (Durable) 217.36 209.35 204.58

Cons. (Non-Durable) 220.39 214.04 210.71

Ind. Group 230.91 223.28 218.91

500-Share 253.40 245.53 241.93

Financial Gp. 177.53 171.46 167.73

All-Share 234.01 224.71 222.88

Red. Debt. 57.26 57.25 57.14

Good all-round demand

Record bullion prices

First-half profits increase

Strength of platinum price

More bidders emerge

Speculative demand

Diamond exploration hopes

30% rise in rough gem prices

Helped by Fairchild venture

Excellent results

Proposed transfer of domicile

Allied Breweries bid imbroglia

Helped by C.U. share sale

Ahead of 100% scrip on Sept. 4

Persistent demand

Bid from Minicorp.

Investment demand

THE SOUTH AFRICAN stock market continues to enjoy a golden period of prosperity. To match the present level of activity, it is necessary to go back to the bull market of 1969-69 in industrial shares and to that of 1973-74 in gold shares and mining financials. The difference between those two and the market of today is that the gold share and industrial indices have kept closely in step for the past year, a correlation which has never occurred before.

From this it follows that the market should prove undervalued, even relatively conservative institutions are predicting an end-year figure of 300-325 on the RDM 100 index. A generally favourable flow of economic news has been one of the long-term factors. Interest rates have declined for the past year, and the Reserve Bank Governor, who delivers his annual address in general terms, is generally expected to cut bank rates by 10 per cent, providing the basis for a further general reduction in rates. One problem is that if local rates fall below those of the main overseas centres, trade finance is switched from foreign to domestic sources, occasioning a run on the reserves. But commercial bankers in Johannesburg believe there is a leeway of at least 1 per cent off local rates before this happens on any scale.

Key indicators such as motor sales have improved and the good gold price has buoyed up the balance of payments current account, so that imports are not at present a constraint on expansion. Tax cuts for individuals and a reduction of capital requirements for foreign investment have also helped. The financial institutions have contributed to the general liquidity while a declining public sector borrowing requirement has sharpened up the general shortage of high-yielding financial assets.

The improving trend in industrial production has been backed up by improvement of 15-20 per cent in the half year to June 30, it seems clear that corporate profitability bottomed out during 1977.

A number of industrial majors have raised profits up to one way or another in the increased level of disposals. By foreign parent companies. But such is the weight of funds in the home that unless the gold price collapses or the gradual economic revival peters out, the outlook is set fair this year.

## Fortifying influences and dollar woes

ON WEDNESDAY hats were thrown in the air when the Dow Jones Industrial average burst through the 900 barrier which proved, however, to be more an electric fence. Investors recoiled on contact and profit taking brought the average down from a mid-session gain of 11.08 to a modest 2.48 gain at the close. But the brush with 900 is said to be a fortifying influence on investor psychology, giving substance to predictions that the strengthening commitment to equities will take the Dow to 930 by the end of the present quarter.

This assumes that the current disregard for what the market analysts term fundamentals will continue. In essence this means

## NEW YORK

JOHN WYLES

that investors will continue to take a benign view about the outlook for interest rates, inflation, the dollar and economic growth.

The dollar's fall to new lows against the German Mark and the Swiss Franc has done little damage to the vigorous gains achieved by the stock market last week, although there is some evidence to suggest that foreign investors have been net sellers of American stocks in the past fortnight.

The apparent insouciance of the domestic investor to the fate of his currency does nothing to strengthen the impression abroad that its defence has a very high domestic priority. The Carter administration, though, burns with indignation at any suggestion of benign neglect.

arguing that it battle for an energy policy, its attempt to fight inflation and its pressure on Japan and West Germany to raise their economic growth targets are all policies which single measuring rod—that is

and inevitably, De Beers' stock market expectations will be fully matched. But De Beers still has to live with southern African uncertainties and experience has shown that when a share price has had a strong advance and is being talked higher against a continuing rocky background, it is often a good time to indulge in a little profit-taking.

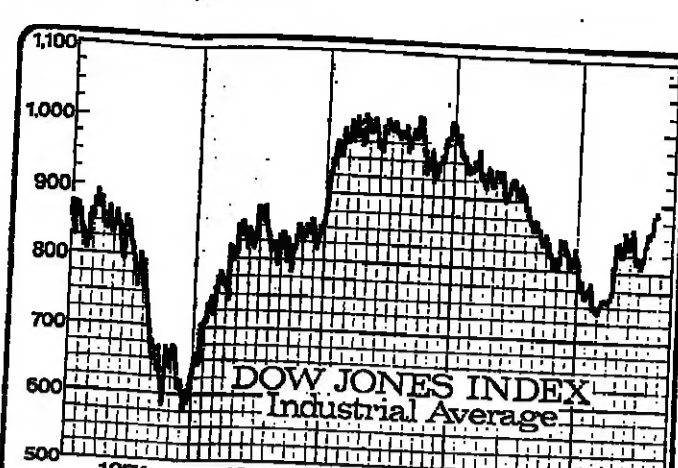
For those who have preferred to forget some of the things that went on in the ill-fated Poshid nickel boom, it could be too early to take profits in the merrily-bubbling Western Australian diamond exploration rush.

A difference between this and the nickel scramble is that a leading role is being taken by a company of good calibre, the Rio Tinto-Zinc group's Cominco Riohinto of Australia which is committing a further A\$1.28m (\$267,000) a year in an application for more exploration areas, inland from Carnarvon. So far, CRA has been working on its Ashanti venture in the Kimberley region.

At the same time, however, the normal demand for diamonds has remained good. Part of the latest CSO price increase reflects this factor, but of greater importance, perhaps, has been the fact that diamonds are priced in dollars and the latter currency has dropped in value during the eight months since the last CSO price increase by some 20 per cent against the Swiss franc, and about 8 per cent against the Deutsche mark and French and Belgian francs.

The higher prices will come into effect at the next sign-on August 21 when the market hopes to get some guidance on current demand from anti-inflationary buying for the important U.S. Christmas trade which accounts for about 40 per cent of retail sales there: total U.S. purchases amount to 50 per cent of all gem sales. If the higher prices result in a smaller outtake at the next sight it will not unduly worry the CSO which is probably wanting to rebuild its stocks.

So, diamonds will now cost more than ever—a point that should be borne in mind when reinsuring your jewellery—and the half-year profits of De Beers which are due to be published on August 29 are bound to make a glittering showing. Market talk is of a further rise in the share price to 500p from the current 452p which compares with only 255p early this year.



should be beneficial to the M1 money supply figure, which fluctuates wildly.

President Carter gave this reassurance in an interview published today in the magazine Business Week, which the White House hopes will help retrieve the President's standing at home and abroad. The Stock Market's steady fall last year was partially attributed to a lack of confidence in the President but no one is arguing that the current recovery represents a change in the President's rating.

Wall Street still does not believe that Mr. Carter has any great grasp of business requirements while his fiscal policy is judged to be a disaster for the fight against inflation. The mination not to bend the knee on the matter has been an astounding for one piece of important psychological factor in the recent rally.

The optimists believe that the \$1.9bn capital gains cut approved by the House yesterday could unlock a great deal of private investment in equities aiding in the process, capital formation and business expansion.

On the base-metal front a slightly more cheerful picture appears to be developing but whether this will be maintained remains to be seen. At all events Rio Tinto-Zinc's Palabora mine in South Africa is hoping for better revenue in the current half-year following a modest fall in first-half earnings to R9.39m from R10.45m in 1977 when the year's total reached R19.13m. In sufficient quantity to make a mine being able to keep in operation the troublesome autogenous mills until new shells can be fitted during the first half of next year.

In the tin world, Mining Investment Corporation (formerly Selukwe) is offering two shares for each one in Tebidi Minerals not already owned. At last night's price of 34p for Minicorp the offer is thus worth 68p for Tebidi. Alternatively holders of the latter can take a cash offer of 64p per share.

Shares of Killinghall Tin have been whirled up by 125p to 625p following the news that the company is to emigrate to Malaysia—thus the dollar premium will come into the price of the exchange shares being offered—and that existing holders will also be given M\$8.19 (185p) cash per share.

Kent (FMS) Tin Dredging, on the other hand is to go into liquidation because it can find no suitable new mining opportunities in Malaysia. Assets are mainly in the form of deposits with finance companies and will be distributed by way of voluntary liquidation.

Continued UK dividend restraint has put paid to the hopes of Cornwall's tin producing Geveer of paying a final dividend of 3.77p for the year to March 31 last. The total dividend for the year is thus restricted to the equivalent of 5.035p after adjusting for the three-for-one scrip issue.

Finally, Australia's potential uranium miner, Pancontinental, has raised some A\$3.77m (\$2.33m) for ongoing exploration. This has been done via a placing of 240,000 shares at a price of A\$15.60 (\$9.28) in Sydney. At June 30, 1977, the mining finance shares in general company had 5.82m shares in issue plus 310,850 options.

## Diamonds steal the scene

ALTHOUGH gold has continued to march ahead to new record prices on dollar terms, diamonds have tended to steal much of the glamour on the mining stage this week. Out of the blue on Tuesday came the news of a biggest ever increase of 30 per cent in the prices charged for uncut raw stones marketed by the Central Selling Organisation which handles about 85 per cent of world diamond production on behalf of De Beers and other producers.

As forecast here last month the CSO is also ending the surcharges that it has recently placed on prices at the regular sales, or "sights," of which there are ten a year. The surcharges were designed to put a stop to undue speculation in the diamond market where earlier this year merchants had been holding on to diamonds in the unfulfilled form as a hedge against currency uncertainties instead of passing them along the processing and marketing chain.

This resulted in an artificial shortage and some polishers and cutters had to pay "black market" type premiums of up to 100 per cent for their stones, whereas the mines received only the "official" CSO prices. The surcharge was as much as 40 per cent at the March sight, falling to 25 per cent in May, 15 per cent in June and 10 per cent last month when the heat was finally taken out of the market.

At the same time, however, the normal demand for diamonds has remained good. Part of the latest CSO price increase reflects this factor, but of greater importance, perhaps, has been the fact that diamonds are priced in dollars and the latter currency has dropped in value during the eight months since the last CSO price increase by some 20 per cent against the Swiss franc, and about 8 per cent against the Deutsche mark and French and Belgian francs.

The higher prices will come into effect at the next sign-on August 21 when the market hopes to get some guidance on current demand from anti-inflationary buying for the important U.S. Christmas trade which accounts for about 40 per cent of retail sales there: total U.S. purchases amount to 50 per cent of all gem sales. If the higher prices result in a smaller outtake at the next sight it will not unduly worry the CSO which is probably wanting to rebuild its stocks.

So, diamonds will now cost more than ever—a point that should be borne in mind when reinsuring your jewellery—and the half-year profits of De Beers which are due to be published on August 29 are bound to make a glittering showing. Market talk is of a further rise in the share price to 500p from the current 452p which compares with only 255p early this year.

## The upward march continues as good results flow

THE SOUTH AFRICAN stock market continues to enjoy a golden period of prosperity. To match the present level of activity, it is necessary to go back to the bull market of 1969-69 in industrial shares and to that of 1973-74 in gold shares and mining financials. The difference between those two and the market of today is that the gold share and industrial indices have kept closely in step for the past year, a correlation which has never occurred before.

From this it follows that the market should prove undervalued, even relatively conservative institutions are predicting an end-year figure of 300-325 on the RDM 100 index. A generally favourable flow of economic news has been one of the long-term factors. Interest rates have declined for the past year, and the Reserve Bank Governor, who delivers his annual address in general terms, is generally expected to cut bank rates by 10 per cent, providing the basis for a further general reduction in rates. One problem is that if local rates fall below those of the main overseas centres, trade finance is switched from foreign to domestic sources, occasioning a run on the reserves. But commercial bankers in Johannesburg believe there is a leeway of at least 1 per cent off local rates before this happens on any scale.

Key indicators such as motor sales have improved and the good gold price has buoyed up the balance of payments current account, so that imports are not at present a constraint on expansion. Tax cuts for individuals and a reduction of capital requirements for foreign investment have also helped. The financial institutions have contributed to the general liquidity while a declining public sector borrowing requirement has sharpened up the general shortage of high-yielding financial assets.

The improving trend in industrial production has been backed up by improvement of 15-20 per cent in the half year to June 30, it seems clear that corporate profitability bottomed out during 1977.

A number of industrial majors have raised profits up to one way or another in the increased level of disposals. By foreign parent companies. But such is the weight of funds in the home that unless the gold price collapses or the gradual economic revival peters out, the outlook is set fair this year.

THE SOUTH AFRICAN stock market continues to enjoy a golden period of prosperity. To match the present level of activity, it is necessary to go back to the bull market of 1969-69 in industrial shares and to that of 1973-74 in gold shares and mining financials. The difference between those two and the market of today is that the gold share and industrial indices have kept closely in step for the past year, a correlation which has never occurred before.

From this it follows that the market should prove undervalued, even relatively conservative institutions are predicting an end-year figure of 300-325 on the RDM 100 index. A generally favourable flow of economic news has been one of the long-term factors. Interest rates have declined for the past year, and the Reserve Bank Governor, who delivers his annual address in general terms, is generally expected to cut bank rates by 10 per cent, providing the basis for a further general reduction in rates. One problem is that if local rates fall below those of the main overseas centres, trade finance is switched from foreign to domestic sources, occasioning a run on the reserves. But commercial bankers in Johannesburg believe there is a leeway of at least 1 per cent off local rates before this happens on any scale.

Key indicators such as motor sales have improved and the good gold price has buoyed up the balance of payments current account, so that imports are not at present a constraint on expansion. Tax cuts for individuals and a reduction of capital requirements for foreign investment have also helped. The financial institutions have contributed to the general liquidity while a declining public sector borrowing requirement has sharpened up the general shortage of high-yielding financial assets.

The improving trend in industrial production has been backed up by improvement of 15-20 per cent in the half year to June 30, it seems clear that corporate profitability bottomed out during 1977.

A number of industrial majors have raised profits up to one way or another in the increased level of disposals. By foreign parent companies. But such is the weight of funds in the home that unless the gold price collapses or the gradual economic revival peters out, the outlook is set fair this year.



# FINANCE AND THE FAMILY

## Possessory title to parking space

BY OUR LEGAL STAFF

In 1965 I rented a piece of land for use as a car park and storage space, and put a fence round it. Shortly after I heard that the man from whom I rented it had died and since then have continued to use it, paid no rent and have heard nothing about it from anybody. What do I do about applying for title to the land?

You will need to make an application for a possessory title to the land at the Land Registry. To support this you will require a statutory declaration made by you setting out the full particulars of your occupation, your ceasing to pay rent, and the fencing and continuous user without any interruption. The basis of your claim is the application of the Limitation Act 1939 to any claim which the true owner would have had once you ceased to pay rent. Your possession must be adverse to the true owner, and there is much law on the meaning of adverse possession. If in doubt you should consult a solicitor.

### Tax for a non-resident

I was born in England but have lived abroad for many years and am thinking of returning to England for a few months, during which time I propose to take temporary employment. Could you tell me whether I shall have to pay tax on my income from abroad and from

the UK? What happens as regards my personal allowances for income tax? We take it that you are now deemed non-resident in the UK for tax purposes. In that case you could come for up to 6 months without attracting tax, except on income you draw from the UK. You cannot both claim personal allowances and claim to be non-resident.

### Work done negligently

I occupy an expensive leasehold flat on a long lease. The periodical outside painting was recently done, for which I pay a proportion, and this work was to include repair of defective glazing on four panes. For more than two months now I have been waiting for some of the sashes to be unstuck and the quality of the reglazing was appalling. I told the agents that under the work done, within two weeks, I would get a local builder to do it and deduct it from the £80 I shall owe on the work. Do you think I can now safely carry out my threat?

We cannot advise you fully without knowing the terms of your lease. While it is possible that you may be entitled to get the necessary work done and set-off the cost against your own rent or maintenance charge, it is not necessarily the case. If you inform the lessors in

writing that you propose to do this on the ground that the work already done was done negligently and in a manner which diminishes your proper enjoyment of your rights of user of the common parts, you should be able to deduct the cost of freeing the windows.

### Bequest from abroad

I note a reply (Return from abroad, July 8) that Bank of England permission would only be given in special circumstances for a British citizen to keep earned overseas capital invested abroad. What is the general rule if a British citizen is given or left capital investments abroad? We assume that by capital investments abroad, you mean investments in foreign currency securities. If this is the case, a UK resident owning such securities must deposit them with an authorised UK depository, whether they are physically held in this country or abroad. Such securities are not premium-worthy (except in certain circumstances where they were received before April 7, 1965).

### Emigrants and premium

My wife and I left England

at the beginning of April, 1973, to take up permanent residence abroad but due to unforeseen circumstances we returned in July, 1976, and resumed permanent residence here. Could you please tell me how long after our return do we have to wait before certain Australian shares—held since 1969—become eligible for the investment premium in the event of a sale? Under current rules, foreign currency securities owned by returning emigrants cannot be sold with the benefit of the investment currency premium. However, exceptions may be made where the emigrant has returned to the UK within four years after he became non-resident. Permission may possibly be given for foreign currency securities bought with the premium, though it is thought likely that consideration would be given only if the securities had been held with a UK authorised depository. You should consult your bank.

### Exemption from CTT

There is, I understand, an exemption of up to £5,000 free of capital transfer tax on the marriage of a son or daughter. How near to the date of marriage must the gift be made? Would a written promise to give the amount at a future date, say, on the sale of a property, still be free? Do the other exemptions from CTT apply in the year of the gift?

There is no one-year, or other, time limit. It is a question of fact in each case whether the gift is in consideration of marriage, so that a written statement of the kind you envisage would assist where the property is being placed on the market—but probably would not suffice if sale is only to be at some unspecified future date. Other exemptions will be available in addition to the marriage consideration exemption.

### Advantages of a smallholding

My property is a registered smallholding. Does this classification imply any tax or other financial advantage? There are no particular fiscal advantages in being the holder

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

### No change to CTT

My mother and I have agreed that we would share the ownership of her residence, a property worth £35,000 at market price some six months ago. In order not to exceed the £25,000 C.T.T. free limit we did, upon advice, draw up a deed assigning 5/7ths of the (then) value to myself, and 2/7ths to my mother (£25,000 and £10,000). But it is evident in the climate of rising house values that the premises are now worth something in excess of £35,000 and will probably continue to rise, raising my 5/7ths share to a value in excess of the £25,000 tax-free limit. How can I regularise the position so that at no time will my share exceed the free limit? As the gift of 5/7ths of the property was made to you when the total value was £35,000 you should have no problem arising out of a subsequent increase in value. Provided that you can establish that the value was no more than £35,000 at the date of the gift you will not be chargeable to Capital Transfer Tax on the gift.

### Distress for rents

I own the ground rents on some small houses. The owners of one of them have failed to pay the rent charge for three years. As this charge is only £2.50 per annum I am wondering is there any way in which I can enforce payment without incurring uneconomic expense?

You can distrain, that is, take and sell chattels on the premises property to the value of the rent which is in arrears. However the law of distress is complex and you would be wise not to seek to distrain without professional advice. You could, however, write to the owners of the land which is charged with the rents warning them that you will levy a distress if payment is not made; and that might encourage more prompt payment.

## European admissions

IN ANY policy providing cover against legal claims—whether under the heading "Agreed" or "Unagreed"—these arise out of the use of one's car, out of the use of one's boat, out of the occupation of one's home, or a whole host of other circumstances, the facts which will speed up a settlement of claims.

The form is designed for a two vehicle accident, and is of limited avail for multiple pile-ups. There are fourteen different items, or groups of items, of information required, eight of which have to be completed in two main columns, one for each vehicle and driver involved.

Such is the rigour of the law that if you fail to carry out these instructions, so that insurers are prejudiced in the handling of the claim, then they can lawfully refuse to handle it on your behalf. Not that this happens except very very occasionally, but the sanction is there and it is that sanction that keeps us, policyholders all, on the straight and narrow in our dealings with our insurers after accidents.

If you are a motorist well versed in policy conditions, and acutely conscious of your many obligations to insurers if you have an accident, it must come as something of a surprise to receive among your motoring holiday documents, when you are going on the Continent, a formidable looking two-page form in a blue cover marked "European Accident Statement".

On closer investigation you will find that your insurers are more than happy that you should complete the form, almost in the heat of the moment after an accident, get the other motorist to complete his half, and both sign it, and then each go your own way, eventually providing a copy of the form each to your own insurers.

For, you may say, if this is not an admission, what is? For the purpose of policy considerations, quite clearly there are admissions and admissions—and at the top of the

Continental police will expect you to complete.

While the European Accident Statement issued by British insurers is printed in English, with no translations, it is a form of standard European design, and most European motorists, be they French, German or other nationals of the Common Market countries, will have their own language version of the form in their vehicles ready for completion. It does not matter whether you complete your own form provided by your own insurers, or the form that the other motorist supplies, provided you both use the same form and attach your signatures to it, each keeping one copy.

As I have said, the European Accident Statement is a two page document. The second page is an exact replica of the first, while the first is printed on paper that requires no carbon, but will reproduce clearly on the underneath copy anything written firmly with a ballpoint pen.

The European Accident Statement is not a complete substitute for the normal report form that British insurers require to be filled in after an accident. So printed on the reverse side of the British edition of the EAS form is a further series of questions which the British policyholder must answer, perhaps without consultation with and certainly without counter-signature by the other motorist. Once you get home you must send to insurers the counter-signed EAS form and the completed British insurance accident report form.

On the blue cover of the European Accident Statement there are certain instructions, and among these is one requiring the motorist "immediately" to pass these documents to insurers on return home; there is a conflict here between these words and the words of the normal claims notification condition in most motor policies, which nowadays, following the Statement of Insurance Practice, requires notification "as soon as possible".

Nevertheless, if immediacy is not legally vital, setting information to insurers is still urgent, and wherever possible this should clearly be done on the first day one is back home. motoring trip one must hope that one does not have to use the form at all, but like all other documents it is as well to read it carefully before leaving home, or if this is not possible at least on the cross-channel ferry, so that one is reasonably sure what will have to be done. There is no sense in adding to the potential complications of trying to grapple with a foreign motorist, perhaps foreign police, all in an unaccustomed language, by not knowing one's way round this particular insurance form, which French and other

### VAT for a part-timer

I am a part-time guide at one of the National Trust properties and was astonished to be told recently that I was liable to pay VAT in addition to income tax on my earnings from this occupation. I have in fact been registered for VAT in respect of some other small business I have been carrying on. Is it correct that I should be? In any case as the National Trust is a charitable organisation I understand that it is not subject to VAT. Can you tell me please what is the position? Everything seems to turn on the precise nature of your contract with the National Trust. You do not say whether your earnings have been assessed to income tax under schedule D or under schedule E. Broadly speaking (and this is

an oversimplification), if you are a part-time employee of the National Trust, your wages are taxable under schedule E and are outside the scope of VAT; on the other hand, if you are a freelance (under a contract for services, as opposed to a contract of service), your fees are assessable under schedule D and are subject to VAT at the standard rate.

No doubt the National Trust will be pleased to clarify the terms of your contract. You are wrong in assuming that charities are not subject to VAT, as the Trust will ruefully confirm. As a protective measure, you should claim income tax relief under section 33 of the Taxes Management Act 1970 in respect of your retrospective VAT liability. Broadly speaking (and again we are oversimplifying) the income tax assessments should be reduced by the 8/108ths VAT charge, if the liability to VAT is eventually confirmed: so the taxman will repay to you part of the vatman's cut!

If your income as a guide is indeed taxable, the effect will be roughly as follows:—

	If variable	If not
Payment inclusive of VAT (less: VAT element (2/27ths))	10.00	10.00
Chargeable to income tax less: tax at say 33 per cent	9.26	10.00
Net benefit to you	£5.20	£8.70

## TAXATION

DAVID WAINMAN

ATTRACTIVE AS it may sound at first, the major recommendation of Sir Tom Williams' Select Committee on Procedure might be thought a mixture of pious and nonsense, at least so far as tax legislation is concerned.

Sir Tom's committee said that Finance bills and other proposed legislation should be examined in depth by Public Bill Committees of Parliament. Instead of reaching the statute book via the ritual of standing committee "debate".

Sir Tom went on to recommend that his Bill Committees, sitting in public, should have the right to examine witnesses. Ministers and civil servants responsible for drawing up the legislation could be called to explain their motives and methods. So also could outside experts be summoned (or requested) to contribute to the committee's deliberations.

Let us look at one recent example of perfect inexperience creeping into fiscal legislation. John Pardo is a vision of employees wanting to own shares in their employing companies, and being given tax relief to enable them to acquire these shares. Unworried by other people's debasement of the phrase, he has called his idea "profit sharing", and it appears under this banner in Section 53-61 and Schedule 9 of the Finance Act 1978.

If an employing company establishes a profit sharing scheme, any employee can use the amount of profit allocated to him to acquire shares. The shares to be acquired must be

held on the employees' behalf by the scheme's trustees for a minimum of five years. Thereafter he can direct the trustees to sell, and to hand him the proceeds, but the tax rules are designed to encourage him not to do so for at least a further five years (except in the case of his death, redundancy, retirement through ill-health, or his reaching statutory retirement age).

The employee is permitted to acquire his shares out of his profit entitlement, without tax being payable on that entitlement, up to a maximum value of £500 per annum. This tax relief is partially withdrawn if he sells his shares between the fifth and seventh years; he then pays tax in the year of sale on notional earnings equal to half the acquisition value of the shares he is selling. Between the seventh and tenth year, a sale costs him tax on one-quarter of the acquisition value, and after the end of the tenth year he can sell tax free.

That was the original vision. And it unquestionably called for constructive examination rather than adversarial debate. Periods and percentages needed consideration. So also did the scheme's likely effects upon worker participation and productivity and its effects on existing shareholders.

In any examination of these last two facets, one needs to understand that the shares can either be purchased by the idea "profit sharing", and it appears under this banner in Section 53-61 and Schedule 9 of the Finance Act 1978.

same £500 back again from the trustees as the subscription price for the shares.

But it is the obfuscations of those nine finance act sections and their accompanying schedule which fill the horizon and appear almost to extinguish the original, bright idea. For instance, a supercomplexity has been drafted to deal precisely and perfectly with rights issues. Let us look. In the first year of a scheme, two employees each acquire 250 shares at an acquisition value of £2 per share. In the second year they each acquire a further 200 shares, the price then being £2.50. Shortly thereafter, the company has a rights issue of 1 for 5, at a price of £1.50—and we will assume that the rights, nil paid, are dealt in at 50p.

One employee, Mr. A, hands to the trustees sufficient cash so that they can take up his full rights entitlement. The other, Mr. B, instructs the trustees to sell sufficient rights to be able to take up the remainder of his entitlement out of the proceeds. The law requires that each year's share acquisition be separately recorded and accounted for, because disposals need to be dealt with on a "first-in, first-out" basis. Therefore the two employees' holdings are as shown in table one.

The new shares acquired as rights must be held by the trustees along with those shares originally acquired. And if Messrs A and B decide to sell in year six at £4 each the shares which they are regarded as having acquired in year one, the proceeds and tax penalty are indicated in Table two.

Mr. A's extra proceeds are £148, being the extra 37 shares which he held, and which he sold at £4 each. The formula Mr. A uses to reduce his total acquisition cost to what the law describes as the locked in value is perfection itself. But neither his total cost nor that locked in value is the "cost" figure which he needs for capital gains tax purposes. This is a normal "pool" calculation taking the proportion of total costs of all shares which sale proceeds of shares sold bears to the value of shares sold and shares retained. Mr. A's capital gains cost is £630, and Mr. B's £556.

The Finance Bill's standing committee did not think that the locked in value formula was obscurantist, and it accepted without demur that capital gains tax must apply and apply differently. The committee failed to question whether Messrs A and B (or their employer) must needs keep two sets of records of the shares. It failed to challenge the belief of those excessively civil servants who advise ministers that it is more important to avoid inequity than to write laws which might have some motivational effect.

Martyn Harris was a partner in a consultancy which was acquired by another company at the end of 1974. His shares after capital gains tax yielded him a sum of £140,000. In 1977 at the age of 40 he and his wife decided to retire to Spain to live as tax exiles.

## The one that got away

IT MAY seem incredible but I smiled when I received my latest tax demand. It arrived six weeks after I had set out on the protracted period of exile to become "not resident and not ordinarily resident in the United Kingdom." Part of a sentence couched by the Board of the Inland Revenue which is one of the main reasons why I am now living in Spain.

It was inevitable the tax demand would arrive some time, but presumably because of my departure my tax inspector acted with unusual alacrity.

We were, I suppose, unfortunate in that when we arrived we both went down with heavy colds. Spain suffered its worst April and early-May weather for many years, and the delivery of our furniture was running two weeks later than promised. We were slowly adjusting to a new life in a new country, struggling with the language and the customs, so we were going through the anticipated misgivings—had we done the right thing?

I arrived back at our villa after a fruitless morning looking for an English speaking dentist, returning with only a throbbing abscess and a bottle of antibiotics purchased over the counter from a local farmacia. Four letters had arrived, two of which were from my accountant dated 21st and 26th April. (The local postman saves up letters until he feels he has enough to make the journey worthwhile.) They were for Schedule E and higher tax payments for the year ended April 1977 amounting to over £11,000. They were the final adjusted payments for a year when I had paid somewhere in the region of 66 per cent of all income back to the Inland Revenue.

Suddenly the world took on a new light. My abscess seemed to melt away—possibly the antibiotic was contributing but I'm sure it was really due to the pleasure of signing

cheques for what would hopefully be my penultimate ludicrously high tax assessment.

Total investments and liquid assets after the sale of my house amounted to over £1m. This meant I could maintain a very comfortable existence providing I was prepared to live away from the UK. Indeed I began to meet a number of people when they visited London periodically, who were living extremely well on far less capital.

We are now settling into our new home on a golf course in the South of Spain. We decided to rent at first to get to know the locality before buying a permanent home. Our lives have been translated into an outdoor existence. We have breakfast and lunch on the terrace, but dinner indoors because of the mosquitoes.

We seek the shade and are recognised as locals because we are not as sunburned as the holidaymakers. There is a large expatriate community. Sufficiently large to pick and choose one's friends as in any society.

Of course I still have worries—about my golf swing and the local price of instant coffee and scotch. I am concerned about the dripping lavatory in the guest suite and the fact that one of the mosquito nets on the windows is torn. The worries are just as demanding as those I had when I was in England but they seem to have less effect on the stomach and the pocket.

It had all started in the late Summer of 1975, we took a holiday in the Costa del Sol. The business had been sold at the end of 1974 in the depths of the recession. It was therefore a welcome rest not only from the problems of running a reorganised company but also from coping with the rigours of day to day survival. A period when sales were of secondary importance to reasonably prompt payment by creditors to supplement a strained cash flow.

I was sitting in the sunshine looking at a two day old copy of the Financial Times checking up on some investments I had tentatively made before departing.

Having time on my hands I referred to the small print at the end of the shares section and read those magic words, "Tax free to non-residents on application."

If I understood this correctly it meant a portfolio consisting of selected British Funds would yield at the then prevailing interest rates an ongoing income of £12,000 per annum on my capital at that time. It took no time at all to realise this was a more than adequate post tax income in the UK.

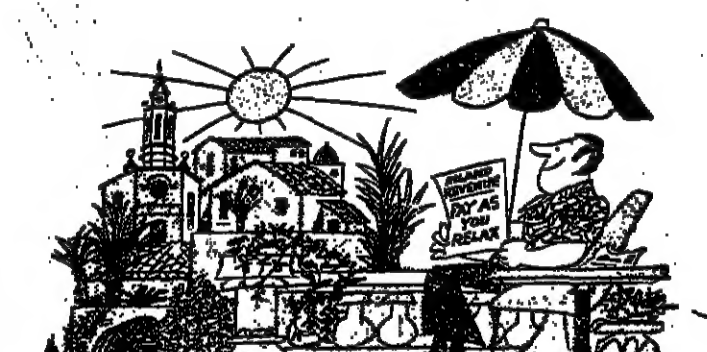
When I returned to London I checked with my accountant and established my pipe dream calculations were not just holiday euphoria but could actually work. Once outside the yoke of British tax laws one could net a comparable income to that which one was grossing by holding down a high income job in London. Effectively one could be paid for working at leisure rather than business.

My accountant put it another way by saying "If all French nationals lived in Spain, the Spanish in the UK and the British in France, then their affairs could be so arranged that no one would pay any tax at all."

Needless to say it was not quite as simple as that but at least it sowed the seeds of considering a move out of the UK.

I quickly established one must progress along two separate financial routes both independent of one another. As they are both complicated, I do not have the space to deal with them in one article, so I will take the easier one first in that the rules are more explicit.

It relates to the Bank of England regulations concerning



insufficient to cater for any more than that for which they were devised. One would obviously require far more to settle in, prior to a flow of cash made available from investments. In order to export sterling without paying a dollar premium one must effectively be "retiring" to live abroad.

The general guidelines, and I stress general, are: you must firstly sever all business and residential connections in the UK. That is you must have no directorships or employment, or maintain a home in the UK. In order to underline the fact you are indeed burning your boats you are advised to resign all clubs and either move all your possessions abroad or dispose of them.

When I started planning my departure the Exchange Control Act 1947 limited the amount of funds immediately available to any expatriate family unit was £5,000. However in the budget before last, or was it the one before that (one tends to lose count these days), the Chancellor acknowledged inflation and upped the allowance. So I benefited from the new sum available for export without premium, £40,000 plus one's normal holiday allowance.

Any further currency I need to export for the time being is subject to the dollar premium which effectively means a tax which can range up to 50 per cent or even higher depending upon the prevailing rate which changes from day to day.

In order to obtain permission I applied to the Bank of England through my own bank completing application form I.E. On this form one must declare one's total assets including cash, stocks and shares, insurance policies, property, personal belongings, trusts, annuities and other assets. You also state you are intending to remain abroad for at least three years and have arranged for all titles of assets remaining in the UK to be held by an "Authorised Depository," in my case my bank.

Having done this, I was

ager telephoned me three weeks later to say my application was approved.

This allowed me from one day after my departure to open foreign bank accounts and transfer up to £40,000 from my assets.

In fact, as we had decided to rent a home initially in order to fund our feet in our new environment we left most of the money in the UK.

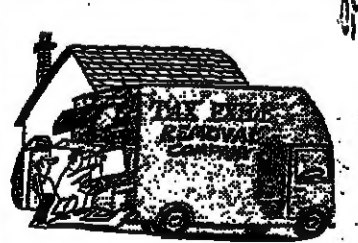
I opened an external bank account with my branch in London. They have experience in handling overseas accounts so it was simple to set up. I had a new current account to overseas drawings and maintained my existing interest account to cover liabilities after I left (mainly tax) and paying standing orders, etc.

It is so arranged that these current accounts are maintained at a level just above the minimum to avoid bank charges, but topped up from a deposit account geared to suit my needs. All residual uninvested funds are placed on the money market on a seven-day turn.

As I am now in the eyes of the Bank of England a designated non-resident all interest from the money market and deposit account is paid gross into my external current account, the supplementing my initial allowance.

All my other assets are blocked and must remain in the UK until a period of at least three years has elapsed when they will be given permission to move any or all of it wherever I wish providing I remain non-resident.

Britain's most successful investment adviser





## YOUR SAVINGS AND INVESTMENTS

## Income trends

ANYONE INVESTING for the 30 shares in de Zoete and income ought to take a good look at the table alongside, which shows the performance of the 30 shares in the index. What it shows is the grossed up, our own 30-share index. return that (assuming you are a basic-rate taxpayer) you would have received on £1,000 invested in various ways, in each of the five years since the beginning of 1973. What it also shows is what has happened to the retail price index.

Before we start drawing any conclusions there are certain

## INVESTMENTS

ADRIENNE GLEESON

There is no doubt that the same caveat applies to all, for building societies I have used the figures supplied by Nationwide. You might have obtained a slightly higher return by putting your money with one of the smaller regional societies, but the trend would have been the same. In the second place, there is no way short of a great deal of research—of discovering what has happened to the income on all equities over that period. The nearest I can get to it is the performance of

the same caveat applies to all, for building societies I have used the figures supplied by Nationwide. You might have obtained a slightly higher return by putting your money with one of the smaller regional societies, but the trend would have been the same. In the second place, there is no way short of a great deal of research—of discovering what has happened to the income on all equities over that period. The nearest I can get to it is the performance of

the same caveat applies to all, for building societies I have used the figures supplied by Nationwide. You might have obtained a slightly higher return by putting your money with one of the smaller regional societies, but the trend would have been the same. In the second place, there is no way short of a great deal of research—of discovering what has happened to the income on all equities over that period. The nearest I can get to it is the performance of

Annual income (£) produced on £1,000 invested on January 2 1973  
(GROSSED UP FOR BASIC RATE TAXPAYERS)

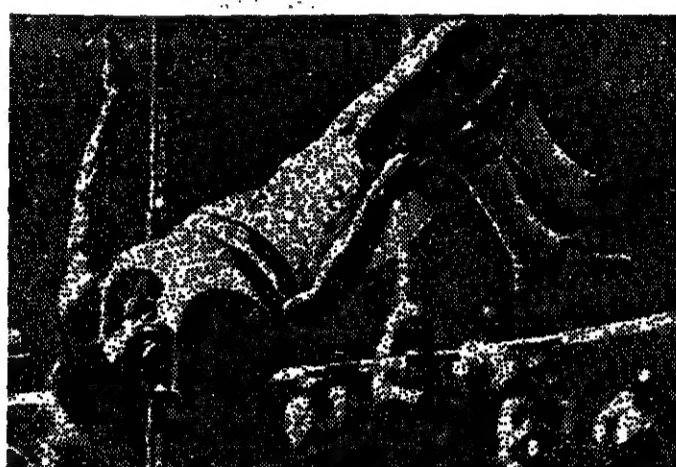
	1973	1974	1975	1976	1977	% Increase over 5 years	Present capital value of investment*	Present yield* %
<b>INVESTMENT BUILDING SOCIETIES</b>								
Share Account	96.35	113.45	118.80	105.00	106.70	+ 10.0	£1,000	10.0
2 Year Term Shares	100.00	117.40	126.20	119.10	118.40	+ 18.4	£1,000	10.75
<b>SHARES</b>								
Beecham	22.20	25.00	27.50	30.20	30.20	+306.0	£2,310	3.9
ICI	51.10	57.50	63.30	79.10	87.10	+ 70.4	£1,391	6.3
Dunlop	45.10	49.50	49.50	62.60	72.40	+ 60.6	£677	10.7
Marlborough	29.90	34.20	36.90	40.50	47.70	+ 59.2	£1,248	3.6
London Brick	38.20	28.90	42.10	45.20	50.50	+ 32.4	£823	6.2
<b>DE ZOETE &amp; BEVAN'S Equity Income Index</b>	100.0	107.8	115.4	125.7	143.4	+ 43.4		
<b>UNIT TRUSTS</b>								
London Wall High Income	40.20	54.00	57.30	67.10	79.40	+ 97.6	£1,138	7.91
S & P High Return	30.50	48.20	57.30	72.40	84.00	+ 70.4	£1,256	8.09
NatWest Income	38.80	40.40	47.50	54.00	62.50	+ 61.0	£1,048	6.09
Union Extra Income	61.52	68.94	76.05	86.75	90.78	+ 47.4	£1,138	7.49
Hill Samuel High Yield	63.49	62.61	73.08	76.91	86.07	+ 35.7	£1,148	7.57
<b>INVESTMENT TRUSTS</b>								
City and International	29.90	36.40	44.10	53.00	64.30	+115.0	£1,158	5.6
Globe	20.20	22.00	25.80	33.00	40.40	+100.0	£1,256	5.8
British Assets	18.60	19.50	22.90	26.20	32.20	+ 73.2	£921	4.5
Anglo-Scottish Investment	24.80	26.40	29.70	33.20	36.20	+ 46.0	£771	4.8
English and International	48.10	44.00	45.30	45.30	50.40	+ 4.8	£914	5.9
<b>RETAIL PRICE INDEX</b>	89.3	100.0	119.9	147.5	172.4	+112.2**		

\* Wednesday's prices † January 1974 = 100 \*\* January 1973 to January 1978

going for at least five years. This means that the extra high have been started up in the past income trusts—those with portfolios composed of the shares of small companies, with the occasional admixture of fixed interest to boost the yield—have

will have to put your money into a building society or other form of fixed interest investment (other form if you are a high-rate taxpayer). The initial yield, but has a sharp increase in dividends to come, even on the new extra high

five years. If it's humanly possible, however, you should make do on less now for the sake of likely. And consider: had you more later. It isn't certain that needed every last penny from your building society investment. And it isn't certain that build-



## Sporting sponsorships for healthy life

IF YOU still haven't heard of the name Cornhill, then you must be one of the small minority which does not watch television, is not interested in Test match cricket, and does not read the sports pages.

After decades of remaining aloof, insurance companies are now spending very impressive amounts on sponsorship of sporting activities or of the arts. The most important effect of sponsorship is an increase in name awareness. You do not have to sit long in front of the television, watching the test match, before the name Cornhill is mentioned or appears on the screen. Indeed, one reason why Cornhill decided to provide film over five years in supporting test cricket was to increase awareness of its name through guaranteed TV coverage.

One would, however, never imagine that the mighty Prudential Group needed to protect its name. Everyone knows it. The man from the Prudential, in addition to its role as a leading industrial life company with its 10,000 plus office-door agents, the Pru has been the past few years been sponsoring a lot of good will, and the more favourable climate which to sail.

For these considerations the giant composite Sun Alliance sponsors golf—spending £80,000 a year on the Ryder Cup and the European matchplay championship. Sun Alliance is aiming very much up-market, and on a national scale.

In contrast the comparative minnow MGM—Marine General Mutual Life—being aware that it has not the resources to get involved in sponsorship on a national scale, aims to make its name known in certain areas to the local business community, so it sponsors local cricket tournaments, horse shows and fishing—including the angling championships on the Ouse, and pier fishing in Worthing.

Guardian Royal Exchange for its part is supporting athletics on a major scale, from international, to junior level—a role undertaken by the State in many countries. It has supported one international meeting this year at Crystal Palace, and also athletic clubs competing for the knock-out GRE Gold Cup (men) and GRE Jubilee Cup (women). And now it has launched the GRE Sports Training Film Library—which provides training films made by top-flight athletes.

Norwich Union have for many years supported table tennis and show jumping, and this year Friends Provident sponsored the national Badminton championships. Policyholders and the owners of mutual life companies might well query whether their funds should be spent in this manner. However, if companies wish to expand these days, then sponsorship is a comparatively cheap method of helping the process along.



## Britain's most successful investment advice is for subscribers only

The Investors Chronicle News Letter brings you through the post each Wednesday recommended shares to buy plus other firm investment advice on markets, sectors and other areas and subjects of vital importance to the successful investor.

Each year the average performance of the News Letter's share recommendations is far superior to that of the market generally, with, for example, the News Letter's 1977 recommendations (as detailed in a comprehensive follow-up table appearing in the News Letter on July 19) showing an average gain of 54.5% against a comparable 8.3% on the FT index (full details will gladly be supplied on request).

You may have missed these and other opportunities spotlighted by the IC News Letter, but by subscribing now to Britain's leading investment news letter, now in its 33rd year of publication, Peter Doyle, who drew attention to the buying opportunities available at the end of 1974, when the FT index was around the 150 mark and talked then of it recovering to 500 and possibly 800 on the next bull market, believes a time of fresh opportunities has arrived and that equities now probably offer better value for money than any other investment assets or major alternatives.

Use the coupon below (no stamp required) to order your subscription now to receive the weekly information and advice (including selling advice) that you need to maximise both your capital gains and income and to safeguard and increase your capital.

Please send me your News Letter, I enclose:  
☐ £28.00 for one year (23 issues) (all outside UK) (includes 10p book)  
☐ £15.00 for a six month trial subscription (13 issues) (UK only)  
☐ Please invoice for £28.00 (all outside UK) (as appropriate)  
 (BLOCK LETTERS PLEASE)

NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 POSTCODE \_\_\_\_\_

To: MARKETING DEPT, INVESTORS CHRONICLE, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

## Choices to make

HOW DOES anyone face retirement? With resentment at being thrown on the scrap-heap? With apprehension as to what the future holds? Or with pleasure at the start of the final era of life, an era that might be the most rewarding of all? The last is the right attitude. But we would be exceptional people if we did not have some apprehensions.

Those closely connected with retirement counselling (that is, modern expression) emphasise that a happy and useful retirement calls for planning. And planning means asking questions and seeking information on a variety of issues—finance, housing, health, and so on.

## RETIREMENT

ERIC SHORT

The Pre-Retirement Association is a body established, as the name implies, to help people prepare for retirement, as well as help them once they have retired. Its official magazine, *Choice*, is published monthly, and its articles cover all aspects of this area, from wine making at home to comprehensive retirement schemes of the kind that will maximise income. Over the years *Choice* has received questions from all kinds of people seeking advice, and it has now put the answers to the most common questions together in *The Retirement Planning File*.

The file has been written by a retired journalist, Bill Lovins, and I found it eminently readable compared with some of the books published on the subject. It is true that some people may find the questions naive, and the answers self-evident, but in such an exercise, the authors have to go for the lowest common denominator. Not surprisingly, the largest



## Trident Insurance Group

"A year of very substantial achievement"

Results:	Year ended 31 March 1978 £'000s	Nine months ended 31 March 1977 £'000s
<b>Premium Income:</b>		
General	7,885	6,234
Life	18,480	10,064
	<b>26,365</b>	<b>16,298</b>
<b>Policyholder Funds:</b>		
General	9,125	8,595
Life	55,404	45,240
	<b>64,529</b>	<b>53,835</b>
<b>Shareholder Funds:</b>		
General	3,285	2,892
Life	1,143	1,001
	<b>4,428</b>	<b>3,893</b>
<b>Change for the period Derived from:</b>	<b>535</b>	<b>269</b>
a) General Underwriting and Shareholder Investment Earnings, after tax	393	510
b) Shareholder interest and amounts applied for the development of the Life Assurance Business	142	(241)
	<b>535</b>	<b>269</b>

Extracts from the Chairman's Review  
 Trident Life has completed its first four years' planned development in a profitable and sound manner. Expected release of margins over the life of business already secured and surplus retained in the funds enable us to embark on a further period of expansion with confidence. We are also able to continue the refund to shareholders of money invested in the life enterprise, and £100,000 has been released to Profit and Loss Account in this way.

Trident Life increased its new business substantially through all sales outlets and for most products, especially regular premiums sales rose to £25 million or by 25% in the year. Single premium sales rose to £18.5 million or by 38%. As a result, total funds in our Life Assurance Group rose during the year from £46 million to £57 million.

During the year also, we took a first step into the pension field with our Individual Pension Plan and Bond. Our next step will be the development of Executive Pension Plans later this year.

We offer a range of services which are efficient and rate highly within the industry. In this we benefit greatly from close liaison with our sister companies, Beaufort Computer Services Limited, who specialise in computer applications in the insurance industry, Schlegel Investment Management Services Limited, Schlegel Trust Managers Limited and with Portman Estates of Hanover Square Limited, who look after our property interests.

These integrated arrangements assist us to give prompt and efficient service and promote to an exceptional degree a system of up to date and high quality communication with clients and advisers which is widely valued and much in demand.

Investments  
 During the year we added five new investment links to the Trident Managed Portfolio of investment funds, making eleven choices in all. Of these the outstanding success was the Property Bond, up 28% on the year.

**BOARDS, MANAGEMENT, STAFF**  
 The Board was pleased to make four well-merited senior appointments within Trident Life. As from 1 April 1978, Timothy Lorigan, B.Com., R.C.A., Laurence Warburton, R.C.I.L., A.M.B.I.M. and Charles Wodehouse became

Trident Life has completed its first four years' planned development in a profitable and sound manner. Expected release of margins over the life of business already secured and surplus retained in the funds enable us to embark on a further period of expansion with confidence. We are also able to continue the refund to shareholders of money invested in the life enterprise, and £100,000 has been released to Profit and Loss Account in this way.

Trident Life increased its new business substantially through all sales outlets and for most products, especially regular premiums sales rose to £25 million or by 25% in the year. Single premium sales rose to £18.5 million or by 38%. As a result, total funds in our Life Assurance Group rose during the year from £46 million to £57 million.

During the year also, we took a first step into the pension field with our Individual Pension Plan and Bond. Our next step will be the development of Executive Pension Plans later this year.

We offer a range of services which are efficient and rate highly within the industry. In this we benefit greatly from close liaison with our sister companies, Beaufort Computer Services Limited, who specialise in computer applications in the insurance industry, Schlegel Investment Management Services Limited, Schlegel Trust Managers Limited and with Portman Estates of Hanover Square Limited, who look after our property interests.

These integrated arrangements assist us to give prompt and efficient service and promote to an exceptional degree a system of up to date and high quality communication with clients and advisers which is widely valued and much in demand.

Investments  
 During the year we added five new investment links to the Trident Managed Portfolio of investment funds, making eleven choices in all. Of these the outstanding success was the Property Bond, up 28% on the year.

**BOARDS, MANAGEMENT, STAFF**  
 The Board was pleased to make four well-merited senior appointments within Trident Life. As from 1 April 1978, Timothy Lorigan, B.Com., R.C.A., Laurence Warburton, R.C.I.L., A.M.B.I.M. and Charles Wodehouse became

Assistant General Managers and Marcus Bepko-Cleugh, B.Com., R.C.I.L., became General Sales Manager.

I have referred in the past to the high calibre of our staff and the dedication they bring to their responsibilities. In all my colleagues and fellow directors I other sincere thanks for a year of very substantial achievement.

**THE FUTURE**  
 The clear lesson of 1977/78 for the general business has been the value, not only to ourselves but to the market,

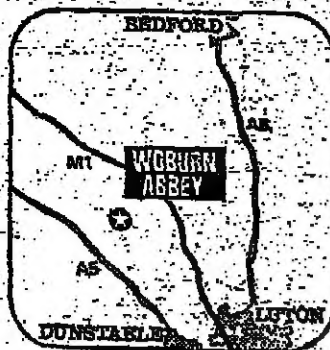






## HOW TO SPEND IT

by Christine Burton



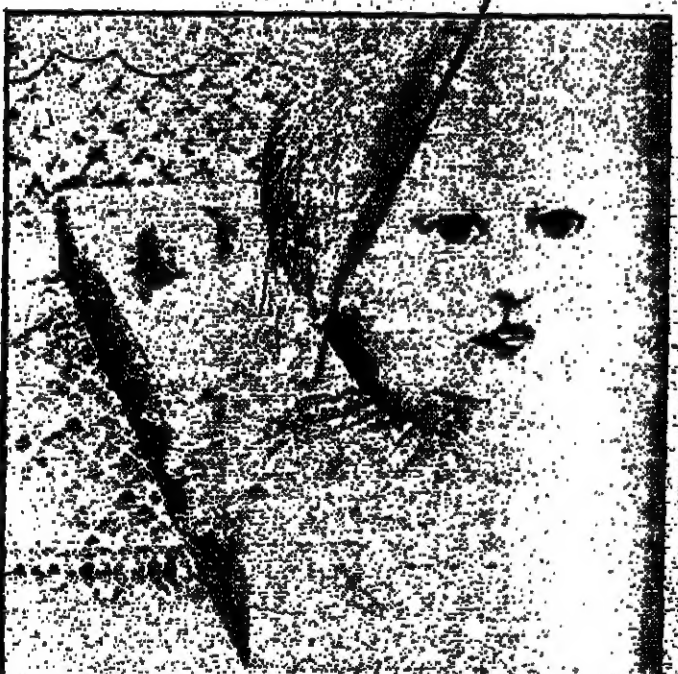
## Four Ways



Jacqui Downer, a graduate of Cardiff College of Art, now works from her studio in Devon, producing limited editions of slip cast work, individually decorated with on-glaze lustres and precious metals. She makes ceramic versions of everyday objects—like egg-boxes with all six eggs opening into boxes



Jane Holmes, also a graduate of Cardiff College of Art, now works from a beautiful part of Shropshire where she makes lamps, plant containers and a variety of miniature boxes. She has now made a complete village of house-boxes, there is a church, a manor house, a Tudor cottage and an inn. But flowers, in the same picture, it is her plant containers that are particularly like really strong, solid-looking, with heads which look just like Neptune—they all produce a very 3-D effect. An example of the effect—shows a naked girl about 9 1/2 ins x 8 1/2 ins x 10 1/2 ins. The house-boxes cost around £8-£10 and the lamps seem to



It is Diana Winkfield who painting—they are all oils on probably used more in the way of canvas—shows a birdcage of everyday objects, but the way they are put together in her paintings is most unusual. Old dolls (see above), pieces of wallpaper, pieces of lace and feignground toys appear—not necessarily in their true perspective or size relationship, but particularly appealing

VISITORS TO Woburn Abbey may not know that apart from all its other attractions, it has an art centre where exhibitions are often put on. Four ways—the work of four women crafts—men—is being held in the Russell Room until August 31 (admission free). The theme of the exhibition is to take familiar and everyday objects which each artist has then interpreted in her own individual way. Jacqui Downer and Jane Holmes are ceramic designers and Chand Truscott and Diana Winkfield are painters.

## Off for the day

School holidays provide the ideal opportunity for family outings, although fulfilling the demands of parents and children isn't always easy. The secret of the successful outing, it seems to me, lies in finding something to please every

body, whether eight or eighty.

So if you've time to spare these holidays, here are ideas for visits to places in different parts of the country, which I hope will have something to offer.



## Museum of Childhood



SUDBURY HALL was accepted by the Treasury as part-payment of death duties on the estate of Lord Vernon in 1967. The National Trust now manages this 17th century E-shaped house with interesting diapered brickwork, and four years ago its curator, John Hodgson, helped to start a museum of childhood in part of the house. The museum is administered jointly by the National Trust and Derbyshire County Council.

The museum is situated in 13 rooms, each of which concentrates on a particular aspect of one's younger years. There is a room containing children's costumes, games and dolls' houses, a Victorian parlour where children can see early table and other sorts of games and can play with modern

copies, an Edwardian nursery, for instance, describe your favourite monster, or imagine a menu for your very special feast. They will be able to make their own beauties, beasts or even beautiful beasts in a special workshop—there will be on display some of the work of visiting children.

Because Beauty and the Beast is re-organised by Books for your Children, the booklet uses illustrations from various books which it is obviously hoped will inspire children to read further and do their own research. The work of 10 prize-winning illustrators will be displayed and books and pictures will be on sale.

Sudbury Hall is five miles from Uttoxeter and the museum is open on Wednesdays, Thursdays, Fridays, Saturdays, Sundays and Bank Holiday Mondays, from April to October from 1 pm to 5.30 pm. Admission to Sudbury Hall is 80p for adults and 40p for children; admission to the museum is free.



## Manor Farm Museum

MANOR FARM Museum, Cogges, is just off the A40 at Witney. Early in the 1970s Manor Farm was offered to Oxfordshire County Council for a relatively small sum on condition that it was used as a museum. It had been in the same family for many years.

Oxfordshire County Council, for their part, were delighted because not only did they have a collection of domestic and agricultural equipment with which to exhibit it, but the farm buildings are listed as being of architectural and historical interest. The whole site, consisting of the house, buildings and 13 acres of land,



is an ancient monument.

The house, which includes a 13th century hall house, has been renovated to make it safe and can be seen as it was at the turn of the century. Built of Cotswold stone, it is roofed with slates from the local Stonesfield quarry.

The farming seasons are illustrated with restored farm



implements and equipment which were used for cultivating the land, sowing, harvesting and threshing. There will be a lambing hut on wheels and a steam threshing drum. But it is not just a static display—staff from the Council's Museum Service will, among other things, be using the cream separators, churns and butter pats in the dairy, and threshing by hand. Every Sunday afternoon there are demonstrations of farm skills such as bridling and the smithing of gate hinges. Rare breeds of local sheep and pigs can also be seen, as well as geese and chickens.

Cogges village itself is mentioned in the Domesday Book, and there are earthworks indicating the site of a twelfth-century moated manor house; the remains of a small priory are incorporated in the village and the school is housed in an adapted medieval barn.

Visitors can follow a historical trail which leads around the farmyard, medieval site and village and returns through the walled kitchen garden. Each point of interest has an explanatory plaque. Refreshments, including bread and cakes baked in a brick oven dated 1880, are available.

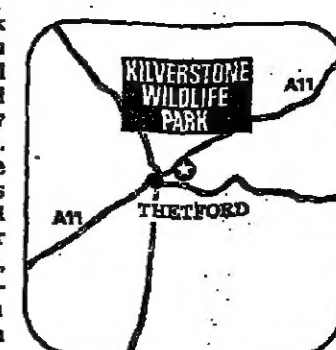
The museum is open daily until September 3 from 11 am to 6 pm; admission is 40p and 20p for pensioners and children. Car parking is free.

KILVERSTONE Wildlife Park specialises in things Latin American. For instance, Lord and Lady Fisher, who own and run Kilverstone, have the only British stud of Falabella horses. Bred by the family of the same name in Argentina, these horses have been selectively reared until the strain became smaller and smaller. Legend, however, has it that the secret of miniature breeding in native Indian ponies was discovered by an Indian Cacique chief.

Falabella horses, unlike other dwarf breeds that look stocky, are perfectly proportioned. They measure between 23 and 30 ins—the smallest in Britain, at Kilverstone, is 23 ins. Their life expectancy can be up to 50 years, and mares can still breed at 40.

Kilverstone, or Monks Hall as it was known for many years, was built in 1620 and came into the possession of the Fisher family at the turn of the century. The grounds now house the various compounds for the animals.

The walled garden, originally the kitchen garden, contains such animals as coatis, raccoons, tayras, agouti, viscacha—all from South or Central America. There is a special otter pen where several species of otter from throughout the Americas can be seen, including the Brazilian Giant Otter, which can grow to six or eight feet. These otters are very playful



## Kilverstone

and unlike British otters, enjoy having an audience.

One of the greenhouses for the gardens has been converted and extended into an aviary so that visitors can walk through to see the birds in their natural surroundings. Plants, waterfalls and rocks create an environment as near normal as possible for the many species of birds, and Californian quail, marsh birds, and pygmy doves can be seen.

Macaws and comoures are members of the parrot family. These birds are brilliantly coloured: there is the green-winged, the scarlet, and the blue and gold. Also to be seen are the Amazon parrots which are predominantly green and come from the tropical areas of Latin America and the Caribbean.

In the paddocks are more rare animals. Kilverstone is the only place in Britain where the Geoffroy's Cat and the Maned Wolf can be found. Geoffroy's Cat is a small shy animal that comes from the mountains which range from north of Patagonia to Bolivia and southern Brazil.

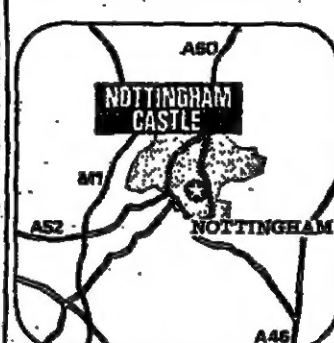
The maned wolf is a very attractive animal—it looks much like a fox but it is somewhat daintier and stands on very tall legs. It is the fastest of the dog breed and comes from the sparsely wooded areas of Brazil, Paraguay and Argentina where it is hunted because it kills domestic animals. Surprisingly it eats large quantities of bananas and only a small amount of meat.

Other appealing animals are bison with their great bulk, different varieties of monkey, penguins from the west coast of South America and the Falkland Islands, flamingoes from Chile and the all-purpose llama. This beast of burden could hardly be omitted from a South American zoo—the traditional animal of the Peruvian Indians, they still make rugs and rope from its wool, sandals from the hide, food from the flesh, candles from tallow and even fuel from the droppings.

Kilverstone Wildlife Park is on the A11, one mile east of Thetford. It is open every day from 10 am to 6 pm and admission is 80p for adults and 40p for children.



Lord and Lady Fisher with some of their Falabella horses



## Nottingham Castle Show

NOTTINGHAM Castle Museum celebrates its centenary this summer with an exhibition depicting the history of the building. It was the Normans who constructed the first defences in 1068 and in 1194 Richard I conducted a siege against his brother John who had encamped there. Siege engines were used at this time and the exhibition shows a model of one, a trebuchet, which was used for slinging dead horses, rocks and other types of ammunition over the castle walls.

In 1327, Edward III entered the castle via a subterranean tunnel, and captured Roger Mortimer in flagrante delicto with Isabella, Edward II's Queen. Mortimer was executed for plotting with Isabella and murdering her husband. Nottingham Castle held a very strategic position during Richard III's reign and it was from there that he departed to meet his death at the Battle of Bosworth Field in 1485. A previously unpublished 18th Century portrait of Richard III has been lent by a private owner in Dorset and will be shown at the museum.

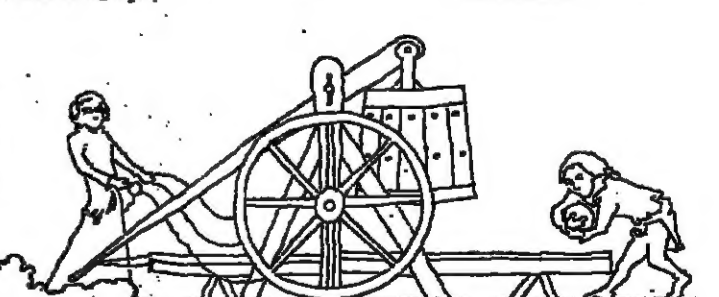
After these events the castle fell into decline and in the latter half of the seventeenth century the Duke of Newcastle built a mansion on the site. This was burnt out in 1831 during riots about the Reform Bill. It remained a ruined shell until 1872 when it was rebuilt as a museum and opened to the public in 1878.

Every stage of the castle's history is illustrated, especially by the building itself which has a 17th century exterior, and a nineteenth century interior; there are recently excavated traces of the old walls in the grounds. There is a large display of arms and armour—much of it scooped from the Tower of London's store rooms and the Victoria and Albert Museum has lent effigies of some of the people associated with the castle.

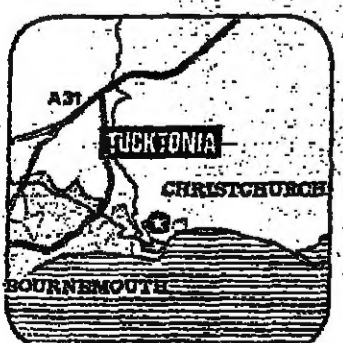
But the Museum staff point out that it is not a static display—not least because groups of school children will be performing aspects of local history in the castle grounds each afternoon.

The Nottingham Castle Show is open every day until September 3 from 10 am to 5.45 pm. Admission is free, except for Sundays and bank holidays when it is 5p.

A trebuchet is a simple mechanical adaptation of the sling principle. In this drawing, a royal prisoner has been summarily executed by hanging him from one of the hooks to which ammunition was normally attached before hurling it over the battlements.



A different version of a trebuchet. The bucket-shaped container is the counterweight. Siege engines were built on the spot from whatever local material was available—boulders usually for the ammunition and wet clay or sand or even lead from church roofs for the counterpoise. The very sight of the building of a trebuchet was frequently sufficient to bring a siege to its end—the defenders preferred surrender to the impending barrage.



## Tucktonia

TUCKTONIA, part of Tuckton Leisure Park, is a model landscape village on the grand scale. It covers an area of nearly four acres and is built on the scale 1:24—the model of St. Paul's Cathedral is therefore 14 ft high. The theme of Tucktonia is the Best of Britain and more than 200 models illustrate Britain's heritage and commercial achievements.

A river, road and rail network runs throughout the site, providing good positions for models associated with them. For instance, on the river, are bridges (Tower, the old London Bridge, a suspension bridge), HMS Discovery, and various sailing barges and tugs.

## Tucktonia

The 2 1/2 inch gauge railway represents three eras in railway development—steam, including two locomotives from the Caledonian and the Great Eastern, and two diesel locomotives from the Great Eastern. The railway is a model of the railway between the model of Charing Cross Station and the container depot and docks. The trains are routed by remote control through 28 points and crossings, and past 15 signals.

The airport complex has radar scanners, beacons and landing lights as well as planes which taxi along runways by means of monorail, conveyors, and a sequence of all the movements—of planes, trains, ships, cars—is pre-programmed and run from the Tucktonia Control Room which is hidden away on the site.

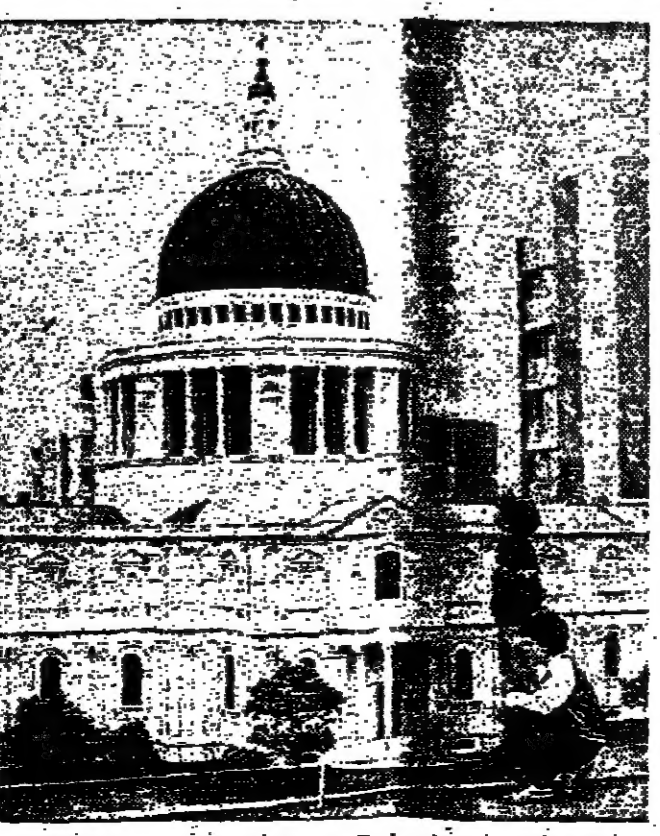
The level of the site is varied so that there is for instance a ridge of low hills, one side of which is an escarpment with a Cheddar-type gorge. Near to

Hadrian's Wall, is a man-made plain where the Highland Games are being enacted.

And to make sure that visitors enjoy the atmosphere to the full, Tucktonia's control room also beams appropriate sound effects to each section: thus there are seagulls squealing over the seaside and port, the chiming of Big Ben at Westminster, jets taking off at the airport and bagpipe music at the Highland Games.

Tucktonia is at Christchurch, near Bournemouth. The Tuckton Leisure Park has rides and amusements for children including a miniature lake, a go-kart track, a pitch'n'putt. It is open every day of the week, from 10 am to dusk and admission is 70p. However, for £1.85 a visitor is admitted to Tucktonia, gets a free copy of the guidebook and has unlimited use of all the amusements of the leisure park.

Lucia van der Post in on holiday



St. Paul's Cathedral—Tucktonia style

## A worthwhile investment in Paris.

From studios to 5-room apartments

A MANERA S.A. development

Sales and Information Office on the premises: Immobilière IÉNA 79 quai André Citroën - 75015 PARIS - tél. 575.30.63.

Orphee.

Luxury apartments with full-length balconies







## LEISURE

## Days in the country

THE TRADITIONAL summer recess of the major auction rooms has become significantly shorter as times become harder and the salerooms busier.

Sotheby's, moreover, have taken down the Town and Country sales outside London, the most prestigious of them the great Glenageles sale at Gleneagles Hotel.

This year the Glenageles sales, on August 28 and 29, run to five sessions and over seven hundred lots, with the innovation of a special sale of Scottish books, most of which have come from the library of the Brodie of Brodie. Despite the antiquity of the title, the Brodie-Castle Library mainly dates only from the eighteenth century and the time of Alexander Brodie (1697-1734), Lord Lyon King of Arms.

His Brodie's grandfather was, ill-advisedly, a staunch Presbyterian so that his property, papers and library were burned and looted by Montrose. Further sections of the Brodie Library will appear in the London saleroom in the autumn.

Sotheby's always manage to find a sponsor or two for their now established Glenageles session of Scottish silver and paintings; and as a non-angler I am always startled by lots in the sale of Fishing Tackle and Sporting Guns such as number 202: "A quantity of Priests consisting of four Trout Priests and five Salmon Priests."

The climax of Glenageles is generally the pictures, and this year it is a particularly strong selection, illustrating both the Victorian discovery of Scottish romance and the still under-appreciated school of turn-of-the-century Scottish painters. In the first group the usual stags and game and gun dogs and killed cottagers, and mauve-topped mountains feature largely, though an exceptional item is Landseer's vigorous oil sketch of John Cramer, the Duke of Atholl's veteran keeper, painted in 1824. Depicted as a grim, stocky, beady-eyed little man, Cramer seems to have been a handy all-round servant as well as a gifted deer stalker, he was an accomplished musician and composer.

Among the expected Horneys, Hutchingsons, Henrys, Laverys, and MacGeorges from the early-century school, there are two paintings of exceptional attraction: Sanderson, 'Wells' 'The Edinburgh Academy' shows a life-class in a gait room with young men in stiff collars studiously painting a lady model who sits nude in front of a red Japanese hanging; John MacDonald Aiken's full-length portrait of himself and his wife has the look of a more homely and whimsical Sargent.

The same day, Bank Holiday Monday, Sotheby's are also busy down at the Town and Country Morning Festival at the Royal Showground at Stoneleigh, near Coventry. The event runs throughout the weekend and is expected to feature more than 1,800 vehicles competing for Concours d'Elegance prizes totalling £23,000.

Sotheby's contribution is a special sale of Victorian, Edwardian and Special Interest Vehicles, horse-drawn vehicles, and 1922 toy pedal car to a 1970

## COLLECTING

JANET MARSH

MG "C" GT coupe and a super toy of 1971, an electrically driven half-scale model of a 1929 "Blower" Bentley. It can be driven by one adult or two (undoubtedly ecstatic) children.

Even if you are not a collector, vehicles still have an interest as vivid reflections of social history. The 1926 Alvis TE 12/50 Tourer de la 1932 Riley Gamecock. Two-seater sports both seem to be waiting for James to take the wheel and whizz Wooster off to Monte.

Class distinctions are clear-cut in car ownership. The Humber 14/40 Tourer, explained the catalogue note, was "aimed at the upper middle classes—those above an Austin but yet not quite able to afford a Sunbeam." The particular car which attracts this precise bibliographical attention has a special interest as 'The Blue Peter' Key-Note Appeal Car. Delivered new in June 1928 it stayed in service all the early 1950s, when the Humber who owned it converted it into a pickup for hay and garden.

Retired in 1961 and sold for £3, it was located in derelict condition by Sotheby's in 1977.

Thousands of European holidaymakers will spend this weekend sitting at airports waiting for flights to the beaches of the Mediterranean. MICHAEL DONNE reports on the arguments behind the delays.

## Travel's long weekend

WITH THE crowds of weary passengers growing again in airport lounges throughout Western Europe and the UK as a result of the resumption of this week-end of the French air traffic controller's work-to-rule, the airlines, tour organisers and airport authorities are beginning to count the cost of what has become the most expensive industrial dispute to hit international civil aviation.

While the precise costs are difficult to quantify precisely, because of the diverse effects of the work-to-rule in many different countries, there is little doubt that it already runs to several millions of pounds, as a result of the disruption of normal air transport schedules over four weekends already, with the possibility that it could be extended beyond next Wednesday, when the current work-to-rule period ends, if the controllers get no satisfaction from the French Government.

The basis of the dispute is that the 2,500 French controllers want shorter working hours, higher pay and better conditions of service, such as improved computer facilities that will ease the burden on individual controllers and, they claim, improve safety standards as traffic volumes rise.

Between them, at the four

"flight information centres" of Athis-Mons (for Paris and Northern France), Bordeaux-Mérignac (including part of the Bay of Biscay) and Aix-en-Provence (for Marseille, Corsica and part of the Western Mediterranean), they handle upwards of 5,000 flights a day, including all French domestic air traffic as well as international flights to and from France and those passing over without landing.

Between London and Paris alone there are 14 flights a day each way, and the three Paris airports together handle 270,000 aircraft movements a year, or over 700 a day. These four French flight information centres, together cover the whole of French airspace, effectively blocking a vast amount of traffic moving between the countries of the Western Mediterranean and Northern Europe, as well as much traffic moving between East and Western Europe.

The controllers can effectively paralyse the system because along the main "airway" across the Channel, it has jumped up and down between a low of three, and a maximum of 18.

The Civil Aviation Authority is struggling to ease the strain by introducing what it calls the "Spanish Track" whereby air-

craft fly far out over the Bay of Biscay before turning East to Spain near Bilbao, thus avoiding French airspace.

But, for some 200 miles or so, or about half an hour's jet time, aircraft are out of touch with the UK controllers entirely unless they have high-frequency radio, and there are fears for their safety, especially as they are crossing busy East-West air routes. Thus, only aircraft with high-frequency radio are being allowed to use the Spanish Track, and this is only a small number of total flights—most of the short-range holiday charter flights, who are most affected by the dispute, do not have it.

While the effects have been felt mostly by flights between the UK and Northern Europe and Western Mediterranean countries (Spain, Portugal, North Africa), as well as to and from French destinations, the effects have also been felt much further afield.



TERRY KIRK

## A case of costs

It is not much help to those who are stuck waiting for flights to the sun today to know that there is not enough money in the tour operating kitty to give them any large-scale assistance.

Although many tour operators are offering day trips, food and hotel accommodation to customers who are delayed by the present dispute, the provision of this sort of compensation on any extensive scale by the industry as a whole would send it into bankruptcy. It is a rare tour operator who runs on a profit/sales ratio above 10 per cent and £20 (which might be the norm) quickly disappears when operators have to pay for coaches which wait at airports for passengers who never come, and extra night's

accommodation for returning customers.

All the rules seem to indicate that the customer has no redress if he is delayed, even if that delay runs into days rather than hours.

Such has been the furore over this summer's delays, however, that there are moves within the travel industry to do something about it. At the moment there is an Air Travel Reserve Fund stuffed with money which can only be released if tour operators go into liquidation. Some operators think that this cash could be used to help tourists inconvenienced by factors other than a collapse.

Pressure for some sort of insurance scheme for travellers is also likely to rise.

ARTHUR SANDLES

## A riot of lilies

AS I LOOK down from my window the garden is blue with African Lilies. There are enough white ones among them to live things up but those that pass for pink have disappeared, overrun by more vigorous kinds, maybe. I do not greatly regret them for the African Lily has never learned to do more than blush, and that very modestly. Anyway there is already adequate pink from the crinums and soon the whole garden will glow with the much richer and more varied pinks of the Jersey Lilies followed by the scintillating rose of Nerine bowdenii, cousin of the Guernsey Lily.

Despite their names these are all South African plants and not one of them is a true Lily. The African Lily does not even have bulbs though it does make a great mass of fleshy white roots which must store quite a lot of

food and moisture. It grows for me in all kinds of places, some rich and moist, some dry and poor. Seedlings appear freely—sometimes in unwanted places from which it is difficult to dislodge them, so firmly are they anchored.

The common African Lily has suffered from a superfluity of botanical names, so many that I can never remember which is the current favourite without looking it up. When I was young it was Agapanthus umbellatus, which reminded me that it carried its flowers in clusters, or umbels, very big and handsome ones, too.

Then it became A. africanus which seemed reasonable since it is the favourite African Lily. But the fashionable name now appears to be A. praecox, meaning early, which is puzzling since it flowers after midsummer and some botanists use the name for another species which does flower early. It is just one more example of the folly of gardeners pretending to be botanists. Far better stick to the names that everyone knows and leave the botanists to get on with their own business.

This big African Lily is a little tender and so it is usually grown in containers which can be stood outdoors in summer and brought into any fally

freestproof place in winter. It will survive a few degrees of frost, but there are harder kinds, most notably Agapanthus campanulatus which has smaller flowers and flower heads but is nevertheless an attractive plant for the mixed border. The late Louis Palmer spent many years hybridising and selecting agapanthus and some of the best of his productions are now sold, either as Headbourne

## GARDENING

ARTHUR HELLIER

Hybrids, if they are seedlings, or under varietal names such as Dorothy Palmer, deep blue, and Lilliput, a short and compact variety, if they are increased by division.

I often wonder whether "hybrid" is really the correct term to apply to these varieties, most of which seem to have a very close affinity to Agapanthus campanulatus. All the species seem to have a considerable inbuilt variability, as the seedlings in my own garden amply illustrate, and I have yet to see proof that the species of agapanthus can be interbred to produce genuine hybrids.

Similar confusion sometimes occurs with the Jersey Lilies. These are all derived from one species, Amaryllis belladonna, since there is no other, yet I sometimes hear American selection from it referred to as "hybrids". In fact this is another naturally variable plant and one which produces its large seeds freely.

It is not difficult to raise the Jersey Lily from seed and it is odd on that some of the seedlings will be a little different, perhaps without any of the white which is present in the common form or with softer pink colouring. In some, too, the petals will be broader and the trumpet flowers more solidly formed. One pure white form can be purchased occasionally under the distinguishing name Harbor but it is a scarce and expensive bulb.

These Jersey Lilies do make bulbs, large ones which like to grow with their "noses" well exposed above ground in the warmest, sunniest place available. They flower in August-September but the leaves do not appear until late winter. Even that can be a bit rash in our British climate and the young leaves often get damaged by frost. However they usually recover quite well and the bulbs

seem to suffer little permanent harm.

Hypanstrum, most of which really are decidedly tender and in need of greenhouse cultivation, are always marketed by Dutch producers as amaryllis. This is yet another cause for confusion because botanists separated them into two genera some time last century and the name Hypanstrum has never been in common use for amaryllis in Britain during my lifetime.

Crinums do hybrids among themselves and the best kind for garden planting is such a hybrid named Crinum powellii. It has large trumpet-shaped flowers, usually soft pink—but the colour is variable, occasionally pure white and sometimes a deeper rose-pink. The bulbs are huge and need a spare hole to contain them. Even then the tops are likely to protrude a few inches which does not seem to worry them so long as the situation is sunny and not too frosty in spring. In Britain I usually see crinums growing in rather dry places but in South Africa I have always found them growing wild near, or even actually in, water.

Guernsey Lily as a popular name should really apply only to one species, Nerine sanderi and this is fairly tender and

in all but the mildest places should be grown in a greenhouse from October to March. In April I think it and other greenhouse kinds are better in an unheated frame as a cool period then seems to prepare them for flowering in the autumn.

The really hardy kind is Nerine bowdenii and since this also has the largest flowers it is the obvious one to plant outdoors. The one drawback is that the colour is always rose pink, a gorgeously scintillating hue that lights up the garden magnificently in October but it would be nice to have other colours to go with it. So far as I know no one has succeeded in crossing Nerine bowdenii with any other species of nerine yet it can hardly be impossible, because other species cross among themselves and Nerine bowdenii has actually been crossed with Amaryllis belladonna to produce a fascinating bi-generic hybrid named Amarine tubergeniana.

The flowers of this wonder are trumpet-shaped and deep rose, intermediate in size between the amaryllis and nerine parents and are carried in small clusters on stout stems 40 to 50cm high. I grow it but have not yet dared to try it outdoors until I have a few spares as it is both scarce and expensive.

## Spencers OF RETFORD

A pair of Stearns women around pedestal, 75-80 sold on September 7th.

## FORTHCOMING SALES RETFORD SALEROOMS

WEDNESDAY 16th AUGUST

Georgian and later furniture and works of art, good longcase and bracket clocks, an Austrian walnut bureau bookcase.

THURSDAY 17th AUGUST

Georgian and later silver, Sheffield and other plate, jewellery and bijouterie.

THURSDAY 31st AUGUST

Good gold coins, medals, stamps and medallions.

WEDNESDAY 6th SEPTEMBER

Victorian and later furniture and works of art.

THURSDAY 7th SEPTEMBER

European pottery, porcelain and glass, including a Vienna cabinet painted with classical scenes; a pair of Meissen ornate mounted candelabra.

Catalogues 65p each by post (applications to be prepaid)

HENRY SPENCER AND SONS LIMITED,

25, THE SQUARE, RETFORD, NOTTINGHAMSHIRE

TELEPHONE (0777) 786747.

IN ASSOCIATION WITH SOTHEBY'S

## ART GALLERIES

ASH BARN, Summer Exhibition of Paintings and Sculpture, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682, 2683, 2684, 2685, 2686, 2687, 2688, 2689, 2690, 2691, 2692, 2693, 2694, 2695, 2696, 2697, 2698, 2699, 2700, 2701, 2702, 2703, 2704, 2705, 2706, 2707, 2708, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2725, 2726, 2727, 2728, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2742, 2743, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, 2756, 2757, 2758, 2759, 2760, 2761, 2762, 2763, 2764, 2765, 2766, 2767, 2768, 2769, 2770, 2771, 2772, 2773, 2774, 2775, 2776, 2777, 2778, 2779, 2780, 2781, 2782, 2783, 2784, 2785, 2786, 2787, 2788, 2789, 2790, 2791, 2792, 2793, 2794, 2795, 2796, 2797, 2798, 2799, 2800, 2801, 2802, 2803, 2804, 2805, 2806, 2807, 2808, 2809, 2810, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2824, 2825, 2826, 2827, 2828, 2829, 2830, 2831, 2832, 2833, 2834, 2835, 2836, 2837, 2838, 2839, 2840, 2841, 2842, 2843, 2844, 2845, 2846, 2847, 2848, 2849, 2850, 2851, 2852, 2853, 2854, 2855, 2856, 2857, 2858, 2859, 2860, 2861, 2862, 2863, 2864, 2865, 2866, 2867, 2868, 2869, 2870, 2871, 2872, 2873, 2874, 2875, 2876, 2877, 2878, 2879, 2880, 2881, 2882, 2883, 2884, 2885, 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2893, 2894, 2895, 2896, 2897, 2898, 2899, 2900, 2901, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2927, 2928, 2929, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2940, 2941, 2942, 2943, 2944, 2945, 2946, 2947, 2948, 2949, 2950, 2951, 2952, 2953, 2954, 2955, 2956, 2957, 2958, 2959, 2960, 2961, 2962, 2963, 2964,



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY

Telegrams: Finantime, London PS4. Telex: 886341/2, 883397

Telephone: 01-248 8000

Saturday August 12 1978

## Dollar again in trouble

FOR NEARLY two decades the performance of the dollar has been paradoxical. While its use as the major international currency for reserve holdings and as a vehicle currency for international loans has increased, its value against other currencies has been under downward pressure; recently the world's financial markets have been experiencing a new phase of dollar weakness.

Part of the weakness of the dollar simply reflects the strength of the yen. The trade-weighted average of the Japanese currency, after rising by about 10 per cent between the Smithsonian Agreement of 1971 and the middle of 1977 has shot up rapidly to a level more than 50 per cent above the Smithsonian level.

## Policy decisions

The dollar has fallen against other currencies too, however. One effect of this has been to exaggerate the strength of sterling. The pound is at about the same level against the dollar that it reached at its high point early this year after the unplugging of the exchange rate by the authorities. Sterling's trade-weighted index is however still about 6 per cent down from the 1978 peak, and about the same as it was at the time of the IMF agreement of December 1978. This may still be slightly on the high side for those policy-makers who want exchange rates to reflect manufacturing costs and on the low side for those who want to use it as an anti-inflationary weapon.

With a British election looming, policy decisions are much more likely to be taken on the dollar than on sterling. The present slide of the U.S. currency has come in two phases—one in the autumn of 1977 and then the second this summer since the beginning of June. In terms of the Bank of England's weighted index the dollar has fallen by about 13 per cent in a year—an unprecedented amount since floating began.

It has to be said as a matter of realism that, if the slide continues at this rate, some pretty substantial action is likely by the American authorities either alone or in concert with other governments. It is against the nature of central bankers and government economic managers to sit back inactive in the face of sharp market movements. It is easy to forget that the dramatic Nixon package came almost exactly seven years ago after similar protestations of unconcern about U.S. overseas payments; and the package contained not merely the floating

dollar, but in addition an aggressive trade surcharge.

It is, however, one thing to warn of the possibility of intervention, and quite another to welcome it or consider it necessary. In fact the main threat to world trade is not the falling dollar, but so-called policies to deal with it. In a longer term context, the surprising feature of the dollar exchange rate is not the recent fall, but how late that was in coming. Despite the oil crisis the dollar weathered the mid-1970s extremely well, and by the middle of 1977 was only very slightly down on the Smithsonian parity of nearly six years earlier.

A policy of allowing the dollar to move with market forces has sometimes been labelled in the U.S. "benign neglect," a phrase which has come in for excessive abuse. Correctly interpreted it does not mean U.S. indifference to the international value of the dollar, but simply non-intervention in the exchange market—or more realistically only modest intervention of a smoother type.

Even then, however, the international value of the dollar is still important for the U.S. authorities as a domestic inflationary indicator. The external and internal value of the dollar are much more closely connected than most U.S. economic forecasters suppose—a fact which would be demonstrated unmistakably if the OPEC countries move from dollar pricing to pricing in terms of a currency basket.

## Oil imports

The fashionable view of the fall in the dollar is that it is due to U.S. energy imports. Even on the current account, however, about half the deficit appears to be due to non-oil imports. More fundamentally, the root of the falling dollar is probably to be found in an over-expansionary U.S. monetary policy. It is no accident that the latest bout of dollar weakness coincides with signs that the new Federal Reserve President, Mr. William Miller, is reluctant to make monetary policy the spearhead of the thrust against inflation.

Meanwhile, it is a myth to suppose that a European monetary arrangement would stop EEC currencies rising against the dollar. This would only happen if the Germans deliberately inflated more rapidly to keep in step with their partners. Exchange rate changes reflect underlying differences in economic policies and conditions. Like all policies they convey information which is not always popular. But that is an argument for paying attention to them not for suppressing them.

## Letters to the Editor

## Accounting

From Professor D. Middleton  
Sir—According to John Lloyd (August 5, Back Page) the chairman of the nationalised industries "are thought to feel that the accounting profession has been too slow in producing an acceptable formula" for inflation accounting. But in fact the accounting profession produced a formula based in 1973 (since when the value of money has halved). Two-thirds of the corporate sector responded to a questionnaire sent out by the Sandilands Committee through the system of constant purchasing power adjustment, in preference to any other method of inflation accounting.

So the question arises: acceptable to whom? If the accounting profession and most (though admittedly not all) larger companies preferred it, it has not been in use for some years now. The answer is: Government interference. The (Conservative) Government set up an unnecessary committee, gave it badly-worded terms of reference, biased the membership against CPP, and (I dare say) hinted that it did not want CPP to be recommended.

A year ago the members of the English Institute voted against the imposition of any compulsory system of current cost accounting. The technical director of the Institute of Chartered Accountants in England and Wales stated at that meeting: "There is agreement on the need for account to be taken of the effect of inflation. The Council agrees with those who say CCA itself is not a system of accounting for inflation." That rather undermines the Sandilands Report, which regarded CCA as "a fully comprehensive method of accounting for inflation." In fact, no other system of inflation accounting apart from CPP has even been proposed. Sandilands, Morison, and Hyde all proposed systems of current cost accounting. What a pity they all fail to provide what is wanted—a system of inflation accounting. Luckily a good system is still available, as it was before the Government

interfered. All we now need is for the Government to withdraw its political objections to CPP. D. R. Middleton, Cranfield, Bedford.

## Mortgages

From Mr. H. Harris  
Sir—One can only assume that while writing (August 5) his letter on mortgages, Mr. Murphy had his tongue so far in his cheek as to be almost choking himself. If the man with the £5,000 salary had spent £1,000 on repainting the inside of his house, or going on a Mediterranean cruise, although he would have had only £4,000 cash remaining, he would still have been taxed on his full £5,000 income.

It is precisely because the Government allows mortgage interest and mortgage interest (or similar) alone, to be deducted as a charge against taxable income, that "Tax relief on mortgage interest" does exist. Whether this is equitable is another matter.

H. H. Harris  
St. Helen Court, Normandale, Beckitt-on-Sand.

## Antiques

From Mr. R. Jenkins  
Sir—If the end-user market for telecommunication equipment was thrown open to private enterprise, the British industry would have an opportunity to show its full technological potential. However, they are not now missing a marvellous marketing opportunity.

All over the world, people are collecting reproductions of simple Victorian technology. Virtually all of the equipment manufactured to the Post Office specification comes clearly in this category.

Overseas visitors are fascinated that we tolerate telephones which need two hands to dial them because the return spring was designed for an instrument of over twice the weight. They believe at first that an English telex machine is an antique in a plastic showcase. They are quite surprised when it starts to operate, and staggered by the

## Stockpiles

From Mr. G. Wilkinson  
Sir—I was most interested to read your article (July 31) about the difficulties faced by the management of Alfred Herbert, the machine tool manufacturers, since the policies followed and the contradictory requirements of social, financial and economic policy are in many respects similar to those faced by the European Commission in its management of the Community dairy policy.

In both cases, output is being priced at a level that is not consistent with the balancing of supply and demand. In both cases current policy, evidently dictated by current levels of unemployment and by welfare concerns, does not permit the normal free market consequences to take place. As a result, large stockpiles have been built up, financed by the public authority. Finally, in both cases, efforts are being made to reduce the cost of the stockpile and to reduce liquidity problems (this latter is more severe for Alfred Herbert than for the dairy policy, by subsidised sales to

other parts of the economy. I have no intention of drawing any lessons, but the parallels are rather striking. G. A. Wilkinson, Rue des Meuniers 1, 1040 Brussels, Belgium.

## Dogs

From the Executive Director Royal Society for the Protection of Cruelty to Animals  
Sir—I was interested to read (Men and Matters, August 4) that Maurice Macmillan MP has declared his support of proposals for a substantial increase in the dog licence fee, a reform which is included in the recommendations of the Department of the Environment in its report of the working party on dogs.

The RSPCA has long been concerned about the problem of stray animals and we also consider a dog warden service, the cost of which would be assisted by the revenue from the increased licence fee, to be fundamental to an efficient system of control. It is our earnest hope that action will soon be taken to implement the working party's recommendations—the increasing threat of rabies emphasises the urgency of the problem. R. J. Hopkins, Hounslow, Surrey.

## Pensions

From Mr. K. Linford  
Sir—May I please comment on the article by Eric Sharr headed "The search for ways of preserving the financial power of your pension" (July 26). It is reasonable and normal practice for a pension scheme to provide a deferred (paid-up) pension payable at normal retirement age to an early leaver (Occupational Pensions Board terminology) calculating such deferred pension as though the member had in effect at the date of leaving, to take up other employment or on redundancy or whatever, reached the normal retirement age of the scheme concerned.

Bearing in mind that trustees of a pension scheme should not treat any class of members, or ex-members, on a more generous basis than any other class I fail to see how the deferred pension of an early leaver can properly be increased by a greater percentage than pensions in payment from the same scheme are increased in any relevant period. It is an unfortunate fact usually because of the extremely high costs involved that the majority of persons receiving occupational scheme pensions from the private sector do not have such pensions increased in line with employed earners' increases in earnings or retail prices index movements.

There is no case, I submit, for any special revaluation of an early leaver's deferred pension until retirement age. Good practice, or legislation as hopefully a last resort, should merely dictate that when pensions in payment from a scheme are increased by 5 per cent for example the deferred pension entitlements from the same scheme are similarly increased by 5 per cent.

May I be permitted to compliment Mr. Sharr on his sensible comment on the open-endedness of any commitment to increase a paid-up pension in line with national average earnings. May I also say I consider the equity of increasing even the guaranteed minimum pension (GMP) of an early leaver from a contracted out scheme even by 84 per cent dubious also when pensions in payment from the same scheme are not similarly increased.

## Insurance

From Mr. E. Thatcher  
Sir—Your Insurance Correspondent refers (July 31) once again to the problems of insurance companies in relation to average and index-linking on household policies. May I suggest that these arise partly because the companies do not provide what the customers want, both as regards contents and buildings.

My ideal policy would be one that allowed me to agree an excess—e.g. no claim under £20 on contents or £50 on the house—to be covered in full for replacement or repair costs above those levels up to a specified figure, and then to hear the balance of any loss myself.

This would obviate the companies' "heads I win, tails you lose" system, whereby they say "you under-insure, we will apply averages; if you over-insure we will not pay the full amount but will nevertheless keep your premiums; and we will not agree in advance what value you should be insuring for anyway." E. J. Thatcher, 202, High Street, Rickmansworth, Herts.

## Churches

From the Under-Secretary, Church Commissioners  
Sir—The Church Commissioners cannot allow Mr. Krassus's misleading reference (August 9) to the redundant church of All Saints, Ennismore Gardens, to go uncorrected. Terms have, in fact, been agreed by the Diocese of London (they, and not the Commissioners, are the responsible body in this matter) and the Russian Orthodox authorities for the sale of the church to its congregation, and there has never been any intention of "developing" the church nor of converting it into a bingo hall.

Likewise, the reference to the church of St. John, Reading (Men and Matters, August 7) ignores the important fact that the scheme to demolish the church became law as long ago as 1973. There were no objections to the scheme which had the concurrence of the Independent Advisory Board for Redundant Churches. Now that the new church to replace St. John's is ready, the old church will be demolished in accordance with the long standing approved scheme.

I would add that the pastoral circumstances of the two cases are entirely different and cannot be compared in any way. J. E. Shelley, 1, Nalbank, SW1.



A problem of rationalisation: from left to right: Peugeot's 104; Chrysler UK's Sunbeam, Chrysler France's Horizon, Chrysler UK's Avenger, Peugeot's 305; Chrysler Alpine (France and UK) and Citroën's GS. Matra-Simca Rancho (far right) has a niche of its own

## The rise and rise of Automobiles Peugeot

By DAVID WHITE in Paris and TERRY DODSWORTH in London

the potential to develop in several ways, although none of these has been spelled out very clearly so far. First, given skilful management, it should be able to rationalise production facilities, creating greater standardisation of parts and therefore more economic production.

Secondly, it would allow the company to move strongly into the commercial vehicle field. Up to now, Peugeot has been involved only in light car-derived vans and specialised small vehicles for the French

and broad international outlook. But before his arrival, the company was run by two managing directors who in their own way put their stamp on the company and pulled it away from the limited outlook which it is often accused of having.

The Peugeot family helped in this process, allowing executives to emerge from the ranks while they themselves continued to give their financial backing and encouragement. For example, M. Maurice Jordan, the first of these two executives, had joined the company as an engineer in

managerial independence while retaining financial control, and the solution worked.

Dry and discreet, M. Parayre joined Peugeot just as the merger with Citroën was being launched. In his Government function, he had been nominated to the board of Renault. In Peugeot, his arrival and that of a £15m state loan to help cement the marriage with Citroën are not considered a total co-incidence.

His appointment to Peugeot, Citroën's top post in the middle of last year also bore political

of new blood into management is likely to bring the group still closer together. Tighter links with Renault, with whom Peugeot has a technical co-operation agreement dating back over ten years, might follow in the effort to strengthen the French foothold in the world car market.

The agreement announced yesterday turned out to be one of France's best-kept secrets. Ironically, it was Peugeot whom Chrysler had first approached, years back, in its search for a French partner, before its purchase of Simca in 1963. Peugeot raised its nose.

The take-over would give Chrysler a 15 per cent stake, the second largest, in the new management, provided for by an increase in capital in FFfr 794m. The Peugeot family, which directly and indirectly has some 48 per cent of the current Peugeot-Citroën combine, would hold about 42 per cent. The Michelin tyre empire, which once controlled Citroën, would have between 6 and 7 per cent, the rest being distributed among minor shareholders including the Caisse des Dépôts.

Thus, looming behind the earnest, youthful features of M. Parayre, the Protestant hierarchy of the Peugeot is anything but extinct. The 11-man supervisory board includes three Peugeot—Roland, the president; Bertrand and Antoine. Pierre is one of the managing triumvirate, having played, it is said, a key role in the Chrysler deal.

Peugeot has managed to keep clear of much of the labour trouble that has plagued other European motor companies. Its strike record is better than Renault's, although Renault workers are better paid; Renault being anchored in more populous regions, strongly politicised and with a big immigrant percentage in its labour force. Peugeot is happier in its provincial stronghold, Sochaux, as much a company town as Volkswagen's Wolfsburg.

The paternalistic tradition now covers all the group's 184,000 employees. Housing and social activities are well looked after. Workers have company shares, as they do at Renault, and receive holiday credits and early-retirement facilities, if they clock in regularly. "The characteristic of Peugeot which makes it different is that in spite of its growth and size it has remained a family business," says an executive. "This is not only in terms

of ownership, but also in terms of camaraderie and friendship among the people who work there."

The other side of the coin is that Peugeot has a reputation for worker surveillance. Other unionists claim the company pays its labour leaders, and Peugeot-Citroën is the stronghold of one of Europe's most Ring-wing unions, the CSL, whose record of industrial action seems to consist in beating up Reds.

Another reason given for Peugeot's resilience as a company is the sheer doggedness of the family, which put its fortunes at stake when they took on the risk of Citroën. Apart from its famous bicycle business, started before cars in the last century, Peugeot has invested heavily in developing diesel engines for cars, has interests in steel, plastics, and consumer finance, and a stake in the Motobecane moped business. It also still makes robust motor cars, and gained a feather in its cap from President Giscard d'Estaing, when its up-market 604 saloon replaced the fleet of Citroën DS cars favoured by De Gaulle.

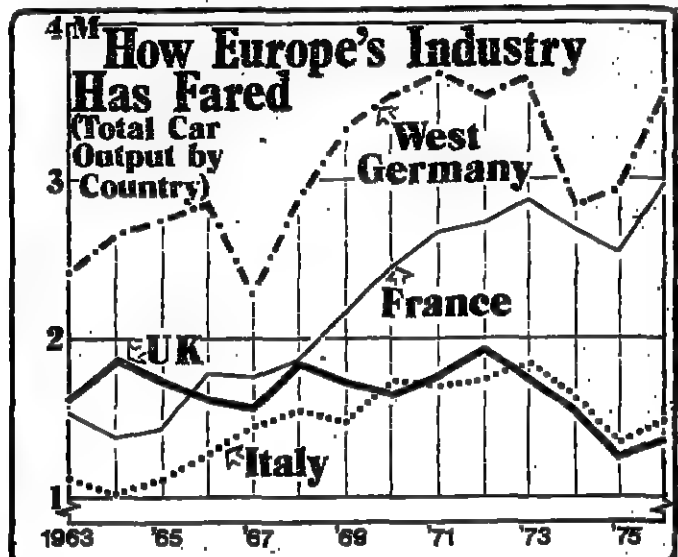
But Peugeot has been left with a wide range of products in France which is now going to be made even wider with the absorption of Chrysler's range. It is difficult to see how it can continue without some rationalisation, particularly in the middle sector of the market where there are a number of overlapping models.

This will undoubtedly pose a bigger management challenge than the absorption of Citroën, and it will also have to face up to the problems of running companies in Britain and Spain, with very different traditions, and rather more difficult workforces.

The successive mergers have come in an atmosphere of general recognition in the motor industry that co-operation is a necessary part of surviving in the main stream alongside the big U.S. and Japanese producers. In 1968, Citroën entered a courtship with Fiat, abandoned after five barren years. Renault is discussing collaboration with British Leyland, makes motors with Peugeot, has signed one agreement with American Motors and another, on components, with Bendix.

The Peugeot group has now shaken off the chrysalis of its conservative reputation. M. Parayre's presence is as symbolic of this as anything: a man who had nothing to do with Peugeot, except a Department of Industry job and an interest in cycling; a product of the Polytechnique, a species noted for quick and rigorous thinking, as much as for its elitism.

The present Government has not hidden its delight at the agreement. M. Parayre signed with Chrysler in London. Above all, Simca, which De Gaulle reluctantly let go to the Americans as the only means of rescuing it, has come home and France's motor business is all its own.



M. JEAN-PAUL PARAYRE... leadership leapfrog

market. But under the deal it will inherit Chrysler's extensive European truck interests, covering heavy vehicles in its Spanish plants, and a medium-weight range in the UK. The Peugeot-Citroën group is very much exposed on this side of the industry in France, where Renault is now putting together a new joint company by merging the interests of Savem and Berliet.

Thirdly, for a company which is clearly anxious to set into the North American market, the deal would open up the possibility of using Chrysler's dealer network.

The question the European industry is now asking is whether Peugeot has the management strength to exploit these opportunities. It is moving too far beyond its traditional strengths into a world arena where the competitive pressures will be much tougher.

Peugeot's argument is that it has been preparing the ground for expansion for several years. M. Parayre has emerged at the top of the company in a period when it needs political talents

## WE'RE RICH! JOIN US!

We, Peter Whitfield and Bob Tanner, starting with £75 each—have made millions in shares (Clubman's Club, Orme Developments, etc.).

We are now joining forces with Peter Welham (Formerly Assistant City Editor and Quotest of The Daily Telegraph) to produce The Equity Research Associates NEWSLETTER, a fortnightly private investment newsletter.

Equity Research Associates will seek undervalued shares—and tell you when to buy and sell. They will give positive advice on bids and new issues and keep a keen eye on shareholders' rights. Its distinguished list of contributors will include acknowledged experts on all aspects of investment.

Ensure that you receive the first issue (Sept. 4th 1978) FREE by completing the coupon (below).

For details of FREE TRIAL OFFER, write or telephone now:

To Equity Research Associates  
Wardrobe Chambers  
146a Queen Victoria Street  
London EC4V 5HD

Please send me details of the FREE TRIAL OFFER of the NEWSLETTER

Name \_\_\_\_\_  
CAPITALS PLEASE

Address \_\_\_\_\_

or phone 01-248 7012













## SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and mergers

Mining Investment Corporation (Mincorp), formerly Selukwe Mining and Investments, is making an offer for all of the ordinary shares of Telside Minerals not already owned. The offer is two ordinary shares of Mincorp for each Telside ordinary share, the outstanding capital at £15.8m. Mincorp holds around 23 per cent of Telside. There is a backing cash alternative offer of 64p per Telside share if the bid becomes unconditional.

Thomas Tilling, whose share exchange offer was dismissed by Fluidrive, the industrial transmission group, will consider renewing its offer if the offer is favoured by Fluidrive-Associated Engineering—falls to gain control when its bid closes on August 22.

The bid by an unnamed suitor of 35p per share for Belfair Bar, the steel-fabricator, valuing the company at £793,000, has been rebuffed by the company's directors backed by a substantial shareholder. The company's net asset value has recently been estimated at around 55p per share.

George Bassett has acquired for £4m, a 75 per cent stake in Adam Imports, importers and distributors of TV games. On top of the initial consideration, Bassett has agreed to pay a further 80p for every pound of pre-tax profit above £500,000 earned by Adam in 1978. This is the third acquisition by Bassett in the Toys and Games industry in the last 12 months.

A number of interested parties have expressed an interest in Bourne and Hollingsworth since the company first announced takeover approaches last month. Bourne states that it may be some weeks before any further announcement can be usefully made.

Frank B. Hall, the U.S. insurance broker which made a controversial £25m bid for Lloyd's broker, Leslie and Godwin, has received approval for the bid from the Office of Fair Trading and

the Bank of England. The Department of Trade's consent is still awaited.

In concluding a deal worth £3.58m with timber group Travis and Arnold, Ellis and Everard has disposed of all of its building-related interests. Travis sees the acquisition as an addition to its investment programme and hopes profits would represent some 4 per cent of sales within two years.

Value of bid per share\*\* Price before bid (£m)\*\* Value of bid (£m)\*\* Bidder

Albright & Wilson 195\* 100 123 115.04 Tenneco

Crossley Building Products 105\* 104 64 7.07 Bowater

Customagie 21\* 18 19 1.10 Moolay Invs.

Eastwood (J.B.) 132\* 145 90 31.53 Cargill

Eastwood (J.B.) 160\* 145 125 38.22 Imperial Grp.

Fluidrive Eng. 87 85 55 6.02 Thos. Tilling

Frith (W.G.) 86 85 69 0.45 Frith Folia

Henshall (W.) 20\* 20 18 0.50 Sovbourne

Leslie & Godwin 125\* 123 116 24.51 Frank B. Hall

Lyons (J.) 137 130 97 61.96 Allied Brews.

Orme Devpts. 5518 53 48 9.85 Comben Grp.

Pearson Longman 2763 265 194 113.77 S. Pearson

Fyke (W.J.) 30\* 45 44 0.23 Mr. & Mrs. D.B. Thompson

St. Kitts (London) 200\* 200 170 0.78 Industrial Equity

Sugar 98\* 93 77 4.03 Sunking

Spooners Inds. 98 97 57 2.80 Haining Ind. Cpn.

Telside Minerals 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Printers 63\* 68 53 2.74 Starwest Inv.

Company bid for Value of bid per share\*\* Price before bid (£m)\*\* Value of bid (£m)\*\* Bidder

Weston-Evans 124\* 132 110 6.71 Bham & Midland Counties Ltd.

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. \*\* Based on 10/8/78.

†† At suspension. ‡‡ Estimated. §§ Shares and cash. §§ Based on 11/8/78.

PRELIMINARY RESULTS

Company Year to Pre-tax profit (£000) Earnings\* per share (p) Dividends\* per share (p)

Abbey Apr. 30 2,300 (1,010) 7.8 (3.3) 2.168 (1.3)

AGB Research Apr. 30 1,370 (1,010) 8.7 (6.5) 3.4 (2.058)

Allen (W.G.) Mar. 31 496 (827) 12.7 (15.4) 2.325 (2.557)

Beta Brothers June 30 715 (758) 6.4 (5.1) 2.366 (2.119)

British Benzol Mar. 31 790 (1,410) 4.1 (7.1) 0.597 (1.195)

Bromsford Cntr. Mar. 31 167 (130) 4.5 (4.0) 2.2 (1.99)

Clifford & Snell Mar. 31 195 (130) 1.8 (1.4) 0.658 (0.368)

Cook (William) Mar. 31 546 (244) 16.3 (5.8) 2.095 (1.35)

Cowan de Groot Apr. 30 1,920 (1,810) 15.9 (17.3) 2.308 (1.723)

David Dixon Apr. 1 490 (124) 23.2 (4.8) 3.714 (2.372)

Hallie Mar. 31 1,006 (735) 19.0 (15.0) 0.52 (5.84)

Howard Motor Mar. 31 3,088 (2,020) 17.2 (11.4) 3.32 (3.17)

Howard Shuttling Apr. 30 326 (443) 6.3 (7.2) 1.73 (1.55)

Lep Group Dec. 31 4,680 (4,070) 37.5 (35.9) 3.45 (3.09)

Leicester Apr. 30 7,407 (6,640) 16.7 (14.3) 5.395 (2.227)

Midland Educational Mar. 31 400 (228) 15.8 (11.0) 4.708 (2.251)

Muir River Mar. 31 325 (788) 1.6 (1.4) 0.493 (0.433)

Pryest (B.) Mar. 31 1,303 (1,003) 15.4 (23.5) 5.341 (4.383)

Smith Bros. Apr. 28 1,147 (824) 6.6 (8.5) 4.988 (4.445)

Wagon Industrial Mar. 31 7,879 (6,870) 16.2 (14.3) 3.02 (3.17)

Wholesale Fittings Apr. 28 1,760 (1,280) 23.5 (17.0) 5.558 (5.271)

\* Mr. S. J. B. Louden and Mr. T. F. Fiddington, main Board directors, have taken over responsibility for certain regions of the mechanical engineering divisions. Mr. G. M. Leslie, main Board director, will continue to be in charge of the civil engineering division in Scotland.

Mr. Ray Carroll has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

Mr. R. A. Larkin has been appointed executive director of GROSVENOR HOUSE, the Park Lane, London, hotel of TRISTAR BOULEVARD. He moves to London from TRISTAR's Sandy Lane Hotel, Barbados, where he was general manager from 1974.

## INTERIM STATEMENTS

Company Half-year to Pre-tax profit (£000) Interim dividends\* per share (p)

Aaronson Bros. Mar. 31 1,680 (1,570) 1.0 (0.81)

Agas Bros. June 30 1,310 (1,020) 0.75 (0.65)

Autonid, Security May 31 382 (170) 0.64 (0.25)

Automotive Prds. June 23 7,410 (5,200) 0.75 (0.90)

Bibby (J.) July 1 3,720 (2,791) 3.04 (2.5)

Carrington Vella June 30 4,840 (7,330) 0.663 (1.34)

Carroll June 30 426 (250) 1.542 (1.05)

Clarke (T.) June 30 276 (223) 0.145 (0.205)

Commercial Union June 30 64,200 (38,200) 2.563 (2.54)

Davies & Metcalf June 30 249 (203) 0.246 (0.23)

Devel June 30 142 (102) 0.14 (0.12)

Ford (M.) June 30 534 (445) 1.1 (0.94)

General Accident June 30 38,100 (29,200) 1.125 (1.37)

Glynwed July 1 8,459 (6,120) 2.45 (2.43)

Renokil June 30 5,050 (4,010) 0.72 (0.83)

Securitor Mar. 31 2,418 (1,571) 0.8 (0.297)

Squirrel Horn June 30 383 (221) 0.75 (0.625)

Ultramar June 30 18,140 (7,508) 1.1 (0.5)

Wardle (B.) June 11 561 (300) 0.35 (0.5)

(Figures in parentheses are for corresponding period.)

\* Dividends shown net except where otherwise stated.

\* Adjusted for any intervening scrip issue.

Rights Issues

Aaronson Bros.: Two-for-seven at 66p

Scrip Issues

W. G. Allen: One-for-nine.

AGB Research: One-for-three.

Leisure Caravan Parks: One-for-three.

SINGAPORE STOCK EXCHANGE

Aug. 11 8 Aug. 11 8

Industrials 0.86 0.86

Banking 0.86 0.86

Commerce 0.86 0.86

Finance 0.86 0.86

Insurance 0.86 0.86

Transport 0.86 0.86

Utilities 0.86 0.86

Government 0.86 0.86

Foreign 0.86 0.86

Commodities 0.86 0.86

Real Estate 0.86 0.86

Art & Antiques 0.86 0.86

Books & Music 0.86 0.86

Food & Drink 0.86 0.86

Health & Beauty 0.86 0.86

Home & Garden 0.86 0.86

Leisure & Travel 0.86 0.86

Media & Entertainment 0.86 0.86

Science & Technology 0.86 0.86



# Wall St. moderately higher

## INVESTMENT DOLLAR

\$2.60 to \$1.1053% (107.1%)  
Effective \$1.9640-53% (35.5%)

MODERATELY HIGHER levels were recorded on Wall Street yesterday, when the Dow Jones Industrial Average finished 3.37 up at 890.33 for a net rise of 2.42 on the week, while the NYSE All Common Index, at 538.53, gained 19 cents on the day and 18 cents on the week. Advances led declines by 863-to-614, while the trading volume dropped 6.25m shares to 35.35m.

Brokers reported some satisfaction that the Money Supply expansion stated after the close Thursday by the Federal Reserve was slightly lower than analysts' expectations. They also noted that Citibank held its prime rate at 9 per cent despite forecasts of a possible rise soon in the rate.

The Fed continued to follow a steady credit policy course despite a recent expansion of the Money Supply.

The dollar continued its sharp slide in Europe, leading to some profit-taking pressure. One analyst said the early afternoon rally was sparked by a Texaco, up \$1 to \$23.5, statement that it hopes to test within a week its exploration well in the Baltimore Canyon, offshore New Jersey.

Mead moved up \$1 to \$33.4 after news that Occidental Petroleum had proposed a merger of the two.

Houlihan rose \$1 to \$31. It is not currently involved in merger discussions but is exploring merger possibilities. Western Union put on \$1 to \$20.1 in heavy trading.

Tandy added \$1 to \$29.1 on sharply higher fourth quarter net earnings.

Pharmaceuticals rose \$1 to \$7. Del Webb \$1 to \$25. Kerr-McGee \$3 to \$31 and Bausch and Lomb \$3 to \$33.1.

Bally Manufacturing improved \$1 to \$41.1, Memorex \$1 to \$54.1, and Plantronics \$1 to \$23.1. McIntire Mines declined \$1 to \$22.1—it is omitting its quarterly dividend.

Friday's Active Stocks

Stocks Closing on Friday

Change from previous day

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

Dow Jones Industrial Average

NYSE All Common Index

The AMERICAN SE market value index was up 1.85 to 161.30 making a rise of 3.37 on the week. Volume eased to 4.7m (4.02m) shares.

Houston Oil and Minerals, the volume leader, rose \$1 to \$23.1, although it reported slightly lower second quarter earnings.

Private Motor Inns climbed \$2 to \$14 and Bow Valley Industries \$2 to \$34.1.

CANADA—Prices also closed higher in active trading yesterday when the Toronto Composite Index moved up 3.4 to 1223.3.

The Gold Share Index rose 14.6 to 1616.6, Oil and Gas 12.3 to 1591.0, Banks 0.82 to 257.65 and Utilities 0.24 to 164.30. But Metals and Minerals shed 2.2 to 103.0.

Papers eased \$0.42 to 131.92. IAC lost \$1 to \$14 on lower second-quarter net earnings.

Algonia Steel rose \$1 to \$33 following settlement of a strike. Cominco picked up \$1 to \$28.1 and Noranda added \$1 to \$34.1.

each raised their prices for lead and zinc.

TOKYO—Prices rose slightly in moderate trading. Japanese Chemicals and other "low-priced" issues, despite lack of fresh stimuli. Volume 320m (270m) shares.

Pharmaceuticals and Electricals lost ground. Foods bought selectively, but some Export-Oriented shares, including Yehon, appreciated following renewed yen appreciation against the dollar.

SWITZERLAND—Prices fell after initial gains due to profit-taking and dollar's weakness. Leading Swiss irregular, Insurance generally steady.

Domestic Bonds slightly higher. Foreign Bonds edged down. Dollar stocks weaker. Dutch Internationals barely steady.

MILAN—Steadier in quiet trading. Renewed buying interest in State-controlled stocks featured.

Financials, Insurances and Banks firmer.

Utilities narrowly mixed in quiet trading. 0.24 to 164.30.

AUSTRALIA—Uranium and Diamonds centre of activity with Queensland Mines rising 10 cents to \$53.1. Kidman Investments cents to 2.72. 2 cents to 5.92 and Ex. Industries 3 cents to 2.85.

following reports Nabaltec project may get go-ahead on uranium production before Ranger partners because of deadlock on royalties between partners and Northern Land Council.

GERMANY—Slightly firmer with currency-related purchases from abroad being dampened by profit-taking and position-covering operations.

Motor firms edged strongly. Major Banks, Chemicals and Electricals steady. Stores mixed.

NEW YORK—DOW JONES

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25

Aug. 24

Aug. 23

Aug. 22

Aug. 21

Aug. 20

Aug. 19

Aug. 18

Aug. 17

Aug. 16

Aug. 15

Aug. 14

Aug. 13

Aug. 12

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

NEW YORK

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25

Aug. 24

Aug. 23

Aug. 22

Aug. 21

Aug. 20

Aug. 19

Aug. 18

Aug. 17

Aug. 16

Aug. 15

Aug. 14

Aug. 13

Aug. 12

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25

Aug. 24

Aug. 23

Aug. 22

Aug. 21

Aug. 20

Aug. 19

Aug. 18

Aug. 17

Aug. 16

Aug. 15

Aug. 14

Aug. 13

Aug. 12

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25

Aug. 24

Aug. 23

Aug. 22

Aug. 21

Aug. 20

Aug. 19

Aug. 18

Aug. 17

Aug. 16

NEW YORK

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25

Aug. 24

Aug. 23

Aug. 22

Aug. 21

Aug. 20

Aug. 19

Aug. 18

Aug. 17

Aug. 16

Aug. 15

Aug. 14

Aug. 13

Aug. 12

Aug. 11

Aug. 10

Aug. 9

Aug. 8

Aug. 7

Aug. 6

Aug. 5

Aug. 4

Aug. 3

Aug. 2

Aug. 1

Aug. 31

Aug. 30

Aug. 29

Aug. 28

Aug. 27

Aug. 26

Aug. 25



# INTERNATIONAL FINANCIAL AND COMMODITY NEWS

## ABN and Amro increase dividends as profits rise

BY CHARLES BATCHELOR

AMSTERDAM, August 11

TWO of the largest Dutch banks, ABN and Amro, have announced higher dividends after a favourable first half.

Both reported a rise of about one-fifth in net profit over the first half of 1977, although ABN's rate of balance-sheet growth was less than at Amro. The two banks, which rank first and third respectively in the Dutch banking league, are both optimistic about prospects for the rest of the year.

ABN plans to raise its interim dividend to Fl 12.25 per share from Fl 11.50. Shareholders may opt for cash or Fl 5 in cash and Fl 2.50 nominal of ordinary shares.

Consolidated net profit rose 21.9 per cent to Fl 120.8m (1977: Fl 99.1m). This follows provisions of Fl 57.5m for general contingencies (Fl 57.5m in 1977), and after deducting Fl 114.4m for tax (Fl 101.7m). ABN also gave details of the performance of its fully-owned merchant banking subsidiary, Bank Mees en Hope, although its results are consolidated in ABN's accounts.

Net profit fell slightly at Mees en Hope, to Fl 16.1m from Fl 16.5m. ABN's balance sheet total rose 8.6 per cent to Fl 63.1bn (\$32.1bn) at June 30 from Fl 58.5bn at the end of 1977. In view of developments in the first half of the year ABN expects the result for 1978 as a whole to be favourable.

Amro's interim dividend is going up to Fl 2.40 from Fl 2.20 per share. The payout will be in cash or Fl 1.20 in cash and Fl 0.50 in shares.

Amro's consolidated net profit rose 18 per cent to Fl 104.4m (1977: Fl 88.4m). Income rose 11.8 per cent to Fl 195.5m (Fl 184.7m) while costs rose more slowly: at Fl 705.8m they were 8.7 per cent higher. Gross profit was therefore 21.5 per cent or Fl 44.6m higher at Fl 251.5m. Provisions for general risks rose to Fl 72.5m from Fl 57.5m while the tax charge rose to Fl 74.7m from Fl 61.1m.

The balance sheet total expanded by 20.9 per cent—more than double the rate of increase at ABN—to Fl 63.5bn. Provided interest rate margins can be maintained Amro expects profits for the year as a whole to rise at a similar rate as last year when the increase was 15.5 per cent.

The bank's lending activities as well as Eurocurrency business contributed in practically equal measure to the increase in balance sheet total. Credit granted rose by 23.2 per cent on an annual basis.

The increase in the volume of medium-term deposits means Amro expects to be able to meet credit demand in the coming months without difficulty.

## Idaho court ruling may simplify takeovers

By Our Own Correspondent

NEW YORK, August 11. AMERICAN court rulings making takeover bids could lead to legal obstacles course greatly simplified by an Appeals Court ruling yesterday.

The fifth circuit Court of Appeals in New Orleans declared unconstitutional a law in the State of Idaho which was designed to help companies defend themselves against hostile takeovers.

The law had a prenotification requirement which often led to lengthy hearings, and precluded delays which either undermined the value of the takeover bid or allowed the company being bid for to find another partner to rescue it.

The Appeals Court's ruling was based on the finding that the Idaho law pre-empted the Federal Williams Act of 1938 which is designed to balance the interests of both the bidder and the target company.

The court also said that Idaho's law conflicted with Congress's right to regulate interstate commerce.

The significance of the ruling lies in the fact that 31 other states have laws like Idaho's, and these will now presumably be ruled unconstitutional. Furthermore, Wall Street analysts expect the court's decision to produce a rush of takeover bids as companies hurry to take advantage of the more favourable legal climate, until—that is—the Federal Trade Commission produces its own rules on prenotification on September 8.

## THE BID FOR MEAD

### Diversification in full spate

BY DAVID LASCELLES IN NEW YORK

OCCIDENTAL Petroleum's \$750m bid for Mead Corporation, the paper and wood products company, came as a surprise to the New York markets today, partly because of its size, partly because of the nature of the merger.

Occidental has a lot on its plate without taking on a merger of this dimension.

However, the nature of the bid—that of a large oil company making a move into an unrelated natural resources field—is not without recent precedent, and it could be just one of a series.

The obvious reaction to Oxy's move, coming as it does in the wake of its recent takeover bid for control of Husky Oil, the largest Canadian oil concern, is that this is to be the alternative to a takeover bid for Mead.

Mead Corporation, based in Dayton, Ohio, is a major force in the paper, packaging and forest products industries. It has a long history of diversification, its products range from paper to chemicals, and it has a long-term development plan.

Similar considerations must be at the back of Oxy's mind, given that the company's interests are still heavily energy-related. Its only significant diversification is into chemicals, and most of these are based on petrochemicals and their derivatives. Although Oxy

has recently begun to step up its coal operations, giving it a broader energy base, it is logical that the company might want to move into a completely new field.

The start-up of North Sea production, where Oxy's main stake is in the Piper Field, has improved the company's cash throughput, and this situation is expected to continue for at least another year as production from its fields there increases. So this is clearly a good moment to go out and buy.

However, the objection to this reasoning is that Occidental has several major projects under way, and it could be stretching its resources to undertake an acquisition of this size just now.

These projects include the development of coal, oil shale, and the large fertilizer deal with the Soviet Union which is only just getting under way.

The company also has a costly investment in its long-delayed reforestation project in Canada, and it recently wrote down its investment from \$10m to \$20m, citing uncertainty over refinery output and unexpected escalation in construction costs.

Further projects include its chemical operations, which have suffered from the weakness of the world chemical market and have begun to turn in reduced net income.

Public due to all these factors—though partly, too, to changes in accounting methods. Oxy reported a 388m loss in the second quarter of this year, and sales for the first half of the year were down to \$2.84bn from \$3bn a year earlier.

As of the end of last year, Oxy's total debt had reached \$1.1bn, exactly half of which was due for repayment within the next five years.

However, Oxy has frequently proved to be an unpredictable company. Its chairman, Dr. Armand Hammer, just 59 years old, still runs it with the zest that has earned him the tag of "one man flying multi-national". A tough, ambitious personality, he has seldom let obstacles stand in the way of his advance.

Perhaps one of the oldest hands at the oil business, he may have come to the view that expansion in energy has become too complicated and possibly, in the long run, counter-productive. Politically, oil is not the best industry to be involved in, either here or abroad.

Apart from OPEC, U.S. companies have to grapple with increasing Federal regulation, and uncertainties as the Energy Bill makes its tortuous way through Congress.

It is also difficult to acquire another energy concern without running foul of the anti-trust laws, if indeed there were any energy companies of the size and character available to suit Dr. Hammer's appetite.

## Further losses at Textile Alliance

BY ANTHONY ROWLEY

HONG KONG, August 11

TEXTILE ALLIANCE, a vertically-integrated combine owned by Japanese and Hong Kong interests, suffered a consolidated trading loss of HK\$42.1m (U.S.\$5.3m) in the year to March 31.

The latest loss compares with an adjusted deficit of HK\$32.5m in the previous financial year. The combine has been making heavy losses for several years.

The concern was aimed at providing a model of the efficiency which vertical integration can bring to the textile industry, and brought together spinning and weaving, dyeing and finishing and garment production.

The group also has operations in Malaysia and Thailand.

Textile Alliance's major shareholder is Toray Industries, of Japan, with 48 per cent of the equity, and the other shareholders are C. Itoh and Co. of Japan, as well as the Hong Kong groups, Jardine, Matheson and Co. and Lee Investment Corporation.

Toray led a rescue operation for the concern about two years ago, and installed Mr. Kohji Sakamoto as the company's executive director. However, the concern has continued to lose money, and Mr. Sakamoto said recently that the downturn in the world textile market was hampering recovery. The group has been hit in particular by clothing export reductions by the U.S. and Europe, and is seeking to diversify its markets to Australia, the Middle East and elsewhere.

Textile Alliance said today that it had continued to face difficult trading conditions in the world-wide textile markets during most of 1977-78, but some improvements were recorded in the final quarter of the year.

The group was "continuing to rationalise its activities, improve efficiency and upgrade the quality of its products. Last year it had 'significantly' reduced its indebtedness through a HK\$20m contribution from Toray Industries and through selling investments and assets worth HK\$25m.

## Demand boosts HK Telephone

By Our Own Correspondent

HONG KONG, August 11

HONG KONG Telephone Company, which holds a monopoly on the Colony's internal telephone service, increased its profit by 18.4 per cent to HK\$88.2m (1977: HK\$74.6m) in the first half of 1978. This was a slight reduction from the 20 per cent growth recorded in the 12 months to last December.

The main reason for the continued growth is the rapid rise in the demand for telephone services, which saw a further net gain of 44,000 in the number of subscriber telephones in the first six months of this year. The total number of subscribers exceeded 1m during the period.

The interim dividend has been held steady at 90 cents on capital increased in April by a one-for-10 scrip issue.

## Del Monte sees anti-trust issues in bid

By Our Own Correspondent

NEW YORK, August 11

DEL MONTE, the San Francisco-based fruit and vegetable processor, said today it was aware of anti-trust issues in its bid to acquire the diversified tobacco concern, said today that its counsel had advised it that the merger raises "substantial anti-trust issues."

Del Monte also disclosed that the Federal Trade Commission had asked for information about the company's food and transportation business.

Reynolds said it would extend the deadline for its offer by a week to August 22, and suggested lawyers for the two companies meet to thrash out any problems.

## Record first-half result at Straits Steamship

BY H. F. LEE

SINGAPORE, August 11

GROUP PRE-TAX profit for the half-year to June at Straits Steamship, the Far East subsidiary of Ocean Transport and Trading, rose by 2.25m (41 per cent) to \$35.5m (\$2.2m).

Straits attributed the strong performance to increased earnings from property sales and higher profit contribution from associated companies, particularly those in the oil and supply sectors and the William Jacks group.

However, there were continuing losses at the Ben and Co. subsidiary and lower earnings from shipping activities.

Group sales which do not include those of the associated companies, increased by 11.5 per cent to \$375.6m (\$33.6m) as a result mainly of sales in its major property development in Singapore, the Bukit Timah.

Bata Malaysia Berhad has reported an improved result for the first half of this year, with pre-tax profits rising by 10 per cent to 2.25m ringgits (U.S.\$1.2m), writes Wong Sulong from Kuala Lumpur.

Sales rose by 6.7 per cent to 26m ringgits (U.S.\$1.2m).

The company said that business conditions in Malaysia had improved, although at a slower rate than expected, and the company felt that it should rely on expanded sales rather than price increases to sustain its profit level.

Overseas sales were unchanged at 3.3m ringgits, and the company attributed this to the protectionist policies of some countries.

Plans are being finalised to open a second shoe factory in Seremban to relieve the congestion of its factory in Klang.

Bata is paying a 6 per cent interim dividend on its expanded paid-up capital of 15m ringgits.

## Cost control helps Protea to further recovery

BY RICHARD ROLFE

JOHANNESBURG, August 11

PROTEA HOLDINGS, the chemicals, electrical goods and engineering group which was the subject of an unwanted bid last year from Abercrombie, has reported a rise in turnover from R107m to R176m (U.S.\$202.3m) and a sharp improvement in pre-tax profits from R14.1m to R14.1m (U.S.\$16.21m) for the year to June 30. With the tax charge down 2 per cent, net profit is ahead from R8.5m to R8.5m and earnings per share have risen from 22 cents to 28 cents.

The dividend has been raised 1 cent to 14 cents and the shares, a strong market recently, and one of the few to have more than doubled since their 1977 low, are now 143 cents to yield 9.8 per cent.

Pre-tax profits are still below the level of the years ending June 30, 1974 and 1975, but recovery from the 1977 low point has been impressive. Protea has eliminated much marginal turnover (down from the peak of R185m in 1976), and the latest recovery has been led by the chemicals division, aided by cutting losses on the electrical side.

The Board said that the overall improvement owes little to better business conditions which continued at depressed levels virtually throughout the year. The improvement came from the control of operating costs as well as reduced losses. The group's financial structure has been modified, with increased emphasis on long and medium term finance.

One month Gold 212.0-213.5

1. Tax-free trading on commodity futures.

2. The commodity futures market for the smaller investor.

**The First Viking Commodity Trusts**

Commodity OFFER 34.9xd  
Trust BID 32.2

Double OFFER 78.0  
Option Trust BID 74.0

Commodity & General Management Co Ltd  
8 St George's Street  
Dorchester, Dorset  
Tel: 0504 4466

**WARDGATE COMMODITY FUND**  
31st July 1978: 210.37, 210.42  
WCF MANAGED LIMITED  
P.O. Box 77  
St. Helier, Jersey JE1 1JZ  
Name dealing 31st August 1978

## COMMODITIES/Review of the week

### Peru troubles lift metals

BY OUR COMMODITIES STAFF

LONDON METAL Exchange prices moved generally higher this week encouraged by the unsettled situation in the mining industries of some Latin American countries. The worst problems are in Peru where a strike, which threatens to spread, has already caused a partial closure on exports of copper, lead and zinc.

The Peruvian Government ordered the miners back to work on Thursday but this move seems merely to have heightened the uncertainty surrounding the situation. Chilean miners are also pressing for substantial pay rises and metal traders are worried that similar problems could develop there.

But the market's response was fairly muted with cash copper wirebars ending the week 5p higher at £736.5 a tonne after slipping to £722 on Tuesday. The price rise was interrupted on Thursday when it was announced that the U.S. International Trade Commission was urging President Carter to curb copper imports to protect domestic producers' markets.

The ITC is seeking an import limit of 300,000 tonnes a year to run for five years, which compares with actual imports of 387,000 tonnes last year. The downward effect on prices was quickly reversed in view of traders' concern over the Peruvian situation.

The Peru miners' strike was also the major factor behind the rise in lead prices which lifted



November position advancing to £1,259 a tonne before ending the week 27s higher at £1,206 a tonne. This modest upsurge began with a 25d rise on Tuesday after buying was encouraged by talk that producers were making supporting purchases.

News that Mexico had reopened export registrations, which were suspended two weeks ago, at 130 cents a lb, about 15 cents above the market price, provided a further boost.

Speculation on whether major producers were considering the formation of a price stabilisation fund, which they denied last week—was re-opened when Sr. Camillo Calazans said the question was "a matter of commercial secrecy." This has led many traders to believe that such a fund was, after all, being planned.

World sugar prices also rose following the publication of disappointing early beet tests by several EEC countries. Increased demand from the Middle East and North Africa provided further encouragement for the rise which lifted the London daily price by 2s to 54s a tonne.

Reports of Chinese and Russian buying sparked a sharp flurry in the natural rubber market. The market had a very quiet week and cash standard metal ended £12.5 higher at £2,670 a tonne.

Coffee provided the brightest feature in a generally dull commodities market with the day at £1,504 a tonne, up £31.25.

## MARKET REPORTS

### BASE METALS

COPPER—Gained further ground on the London Metal Exchange, mainly reflecting reports of a fall of around 20,000 tonnes in warehouse stocks over the last week. Forward metal opened at 130 and moved to close at 134 on the late trade. Turnover: 9,975 tonnes.

	Official	Unofficial	1978
Wagonload	737.5-8	736.7-7	736.7-7
3 months	740.5-6	739.5-6	739.5-6
6 months	743.5-6	742.5-6	742.5-6
12 months	746.5-6	745.5-6	745.5-6
18 months	749.5-6	748.5-6	748.5-6
24 months	752.5-6	751.5-6	751.5-6
36 months	755.5-6	754.5-6	754.5-6
48 months	758.5-6	757.5-6	757.5-6
60 months	761.5-6	760.5-6	760.5-6
72 months	764.5-6	763.5-6	763.5-6
84 months	767.5-6	766.5-6	766.5-6
96 months	770.5-6	769.5-6	769.5-6
108 months	773.5-6	772.5-6	772.5-6
120 months	776.5-6	775.5-6	775.5-6

71N—Slightly firmer in line with the rise in the Peruvian price and following forecasts of a fall in warehouse stocks. Forward metal opened at 130 and moved to close at 134 on the late trade. Turnover: 2,119 tonnes.

High Grade—Official: 653.5-6, Unofficial: 652.5-6, 1978: 652.5-6. 3 months: 656.5-6, 6 months: 659.5-6, 12 months: 662.5-6, 18 months: 665.5-6, 24 months: 668.5-6, 36 months: 671.5-6, 48 months: 674.5-6, 60 months: 677.5-6, 72 months: 680.5-6, 84 months: 683.5-6, 96 months: 686.5-6, 108 months: 689.5-6, 120 months: 692.5-6.

LEAD—Moved ahead reflecting the trend in copper. Forward metal opened at 130 and moved to close at 134 on the late trade. Turnover: 4,339 tonnes.

Low Grade—Official: 653.5-6, Unofficial: 652.5-6, 1978: 652.5-6. 3 months: 656.5-6, 6 months: 659.5-6, 12 months: 662.5-6, 18 months: 665.5-6, 24 months: 668.5-6, 36 months: 671.5-6, 48 months: 674.5-6, 60 months: 677.5-6, 72 months: 680.5-6, 84 months: 683.5-6, 96 months: 686.5-6, 108 months: 689.5-6, 120 months: 692.5-6.

ZINC—Marked higher on the London Metal Exchange, mainly reflecting reports of a fall of around 20,000 tonnes in warehouse stocks over the last week. Forward metal opened at 130 and moved to close at 134 on the late trade. Turnover: 4,339 tonnes.

### COCOA

Prices remained in a very narrow range throughout the day, closing near to unchanged, reports CIM and Duffin.

	Official	Unofficial	1978
Wagonload	1018.0-10	1017.0-10	1017.0-10
3 months	1021.0-10	1020.0-10	1020.0-10
6 months	1024.0-10	1023.0-10	1023.0-10
12 months	1027.0-10	1026.0-10	1026.0-10
18 months	1030.0-10	1029.0-10	1029.0-10
24 months	1033.0-10	1032.0-10	1032.0-10
36 months	1036.0-10	1035.0-10	1035.0-10
48 months	1039.0-10	1038.0-10	1038.0-10
60 months	1042.0-10	1041.0-10	1041.0-10
72 months	1045.0-10	1044.0-10	1044.0-10
84 months	1048.0-10	1047.0-10	1047.0-10
96 months	1051.0-10	1050.0-10	1050.0-10
108 months	1054.0-10	1053.0-10	1053.0-10
120 months	1057.0-10	1056.0-10	1056.0-10

1978: 1017.0-10, 1977: 1016.0-10, 1976: 1015.0-10, 1975: 1014.0-10, 1974: 1013.0-10, 1973: 1012.0-10, 1972: 1011.0-10, 1971: 1010.0-10, 1970: 1009.0-10, 1969: 1008.0-10, 1968: 1007.0-10, 1967: 1006.0-10, 1966: 1005.0-10, 1965: 1004.0-10, 1964: 1003.0-10, 1963: 1002.0-10, 1962: 1001.0-10, 1961: 1000.0-10, 1960: 999.0-10, 1959: 998.0-10, 1958: 997.0-10, 1957: 996.0-10, 1956: 995.0-10, 1955: 994.0-10, 1954: 993.0-10, 1953: 992.0-10, 1952: 991.0-10, 1951: 990.0-10, 1950: 989.0-10, 1949: 988.0-10, 1948: 987.0-10, 1947: 986.0-10, 1946: 985.0-10, 1945: 984.0-10, 1944: 983.0-10, 1943: 982.0-10, 1942: 981.0-10, 1941: 980.0-10, 1940: 979.0-10, 1939: 978.0-10, 1938: 977.0-10, 1937: 976.0-10, 1936: 975.0-10, 1935: 974.0-10, 1934: 973.0-10, 1933: 972.0-10, 1932: 971.0-10, 1931: 970.0-10, 1930: 969.0-10, 1929: 968.0-10, 1928: 967.0-10, 1927: 966.0-10, 1926: 965.0-10, 1925: 964.0-10, 1924: 963.0-10, 1923: 962.0-10, 1922: 961.0-10, 1921: 960.0-10, 1920: 959.0-10, 1919: 958.0-10, 1918: 957.0-10, 1917: 956.0-10, 1916: 955.0-10, 1915: 954.0-10, 1914: 953.0-10, 1913: 952.0-10, 1912: 951.0-10, 1911: 950.0-10, 1910: 949.0-10, 1909: 948.0-10, 1908: 947.0-10, 1907: 946.0-10, 1906: 945.0-10, 1905: 944.0-10, 1904: 943.0-10, 1903: 942.0-10, 1902: 941.0-10, 1901: 940.0-10, 1900: 939.0-10, 1899: 938.0-10, 1898: 937.0-10, 1897: 936.0-10, 1896: 935.0-10, 1895: 934.0-10, 1894: 933.0-10, 1893: 932.0-10, 1892: 931.0-10, 1891: 930.0-10, 1890: 929.0-10, 1889: 928.0-10, 1888: 927.0-10, 1887: 926.0-10, 1886: 925.0-10, 1885: 924.0-10, 1884: 923.0-10, 1883: 922.0-10, 1882: 921.0-10, 1881: 920.0-10, 1880: 919.0-10, 1879: 918.0-10, 1878: 917.0-10, 1877: 916.0-10, 1876: 915.0-10, 1875: 914.0-10, 1874: 913.0-10, 1873: 912.0-10, 1872: 911.0-10, 1871: 910.0-10, 1870: 909.0-10, 1869: 908.0-10, 1868: 907.0-10, 1867: 906.0-10, 1866: 905.0-10, 1865: 904.0-10, 1864: 903.0-10, 1863: 902.0-10, 1862: 901.0-10, 1861: 900.0-10, 1860: 899.0-10, 1859: 898.0-10, 1858: 897.0-10, 1857: 896.0-10, 1856: 895.0-10, 1855: 894.0-10, 1854: 893.0-10, 1853: 892.0-10, 1852: 891.0-10, 1851: 890.0-10, 1850: 889.0-10, 1849: 888.0-10, 1848: 887.0-10, 1847: 886.0-10, 1846: 885.0-10, 1845: 884.0-10, 1844: 883.0-10, 1843: 882.0-10, 1842: 881.0-10, 1841: 880.0-10, 1840: 879.0-10, 1839: 878.0-10, 1838: 877.0-10, 1837: 876.0-10, 1836: 875.0-10, 1835: 874.0-10, 1834: 873.0-10, 1833: 872.0-10, 1832: 871.0-10, 1831: 870.0-10, 1830: 869.0-10, 1829: 868.0-10, 1828: 867.0-10, 1827: 866.0-10, 1826: 865.0-10, 1825: 864.0-10, 1824: 863.0-10, 1823: 862.0-10, 1822: 861.0-10, 1821: 860.0-10, 1820: 859.0-10, 1819: 858.0-10, 1818: 857.0-10, 1817: 856.0-10, 1816: 855.0-10, 1815: 854.0-10, 1814: 853.0-10, 1813: 852.0-10, 1812: 851.0-10, 1811: 850.0-10, 1810: 849.0-10, 1809: 848.0-10, 1808: 847.0-10, 1807: 846.0-10, 1806: 845.0-10, 1805: 844.0-10, 1804: 843.0-10, 1803: 842.0-10, 1802: 841.0-10, 1801: 840.0-10, 1800: 839.0-10, 1799: 838.0-10, 1798: 837.0-10, 1797: 836.0-10, 1796: 835.0-10, 1795: 834.0-10, 1794: 833.0-10, 1793: 832.0-10, 1792: 831.0-10, 1791: 830.0-10, 1790: 829.0-10, 1789: 828.0-10, 1788: 827.0-10, 1787: 826.0-10, 1786: 825.0-10, 1785: 824.0-10, 1784: 823.0-10, 1783: 822.0-10, 1782: 821.0-10, 1781: 820.0-10, 1780: 819.0-10, 1779: 818.0-10, 1778: 817.0-10, 1777: 816.0-10, 1776: 815.0-10, 1775: 814.0-10, 1774: 813.0-10, 1773: 812.0-10, 1772: 811.0-10, 1771: 810.0-10, 1770: 809.0-10, 1769: 808.0-10, 1768: 807.0-10, 1767: 806.0-10, 1766: 805.0-10, 1765: 804.0-10, 1764: 803.0-10, 1763: 802.0-10, 1762: 801.0-10, 1761: 800.0-10, 1760: 799.0-10, 1759: 798.0-10, 1758: 797.0-10, 1757: 796.0-10, 1756: 795.0-10, 1755: 794.0-10, 1754: 793.0-10, 1753: 792.0-10, 1752: 791.0-10, 1751: 790.0-10, 1750: 789.0-10, 1749: 788.0-10, 1748: 787.0-10, 1747: 786.0-10, 1746: 785.0-10, 1745: 784.0-10, 1744: 7















all expenses, b Tax at face amount, c Yield based on offering price, d Interior price  
e Tax on capital gains, f Tax on ordinary income, g Tax on  
h price, i Distribution, j Tax on capital gains, k Tax on ordinary income, l Tax on  
m insurance, n Offered price includes all expenses except agent's commission,  
o price includes all expenses if bought through manager, p Previous day's price,  
q Tax on realized capital gains unless indicated by †, r Guernsey tax, s Suspended,  
t Yield before Jersey tax, † Ex-subversion.







**FINANCE, LAND—Continued**[illegible][illegible]

1898		Stock	Price	+ or -	No. Tons	Cm	1798
High	Low						
100	72	Anglo-Indonesian	35	-	279	47	44
99	72	Beynon's	35	-	279	47	44
98	72	Farthing	35	-	279	47	44
97	72	Malayan	35	-	279	47	44
96	72	Perth (Africa)	35	-	279	47	44
95	72	Sumatra	35	-	279	47	44
94	72	Swatara	35	-	279	47	44
93	72	Swatara	35	-	279	47	44
92	72	Swatara	35	-	279	47	44
91	72	Swatara	35	-	279	47	44
90	72	Swatara	35	-	279	47	44
89	72	Swatara	35	-	279	47	44
88	72	Swatara	35	-	279	47	44
87	72	Swatara	35	-	279	47	44
86	72	Swatara	35	-	279	47	44
85	72	Swatara	35	-	279	47	44
84	72	Swatara	35	-	279	47	44
83	72	Swatara	35	-	279	47	44
82	72	Swatara	35	-	279	47	44
81	72	Swatara	35	-	279	47	44
80	72	Swatara	35	-	279	47	44
79	72	Swatara	35	-	279	47	44
78	72	Swatara	35	-	279	47	44
77	72	Swatara	35	-	279	47	44
76	72	Swatara	35	-	279	47	44
75	72	Swatara	35	-	279	47	44
74	72	Swatara	35	-	279	47	44
73	72	Swatara	35	-	279	47	44
72	72	Swatara	35	-	279	47	44
71	72	Swatara	35	-	279	47	44
70	72	Swatara	35	-	279	47	44
69	72	Swatara	35	-	279	47	44
68	72	Swatara	35	-	279	47	44
67	72	Swatara	35	-	279	47	44
66	72	Swatara	35	-	279	47	44
65	72	Swatara	35	-	279	47	44
64	72	Swatara	35	-	279	47	44
63	72	Swatara	35	-	279	47	44
62	72	Swatara	35	-	279	47	44
61	72	Swatara	35	-	279	47	44
60	72	Swatara	35	-	279	47	44
59	72	Swatara	35	-	279	47	44
58	72	Swatara	35	-	279	47	44
57	72	Swatara	35	-	279	47	44
56	72	Swatara	35	-	279	47	44
55	72	Swatara	35	-	279	47	44
54	72	Swatara	35	-	279	47	44
53	72	Swatara	35	-	279	47	44
52	72	Swatara	35	-	279	47	44
51	72	Swatara	35	-	279	47	44
50	72	Swatara	35	-	279	47	44
49	72	Swatara	35	-	279	47	44
48	72	Swatara	35	-	279	47	44
47	72	Swatara	35	-	279	47	44
46	72	Swatara	35	-	279	47	44
45	72	Swatara	35	-	279	47	44

[illegible]

78	18	Handford's R. H.	142	14	101.5	5.7	5.5
79	19	West Rand R.I.	141	14	101.5	5.7	5.5
<b>EASTERN RAND</b>							
80	20	Bracken No.	195	+3	102.5	1.5	14.5
81	21	East Dagen R.I.	194	+3	102.5	1.5	14.5
82	22	Bracken No.	193	+3	102.5	1.5	14.5
83	23	Greenleaf No.	129	+1	101.5	1.7	9.2
84	24	Bracken No.	129	+1	101.5	1.7	9.2
85	25	Leaves No.	129	+1	101.5	1.7	9.2
86	26	Mar. Lewis No. 20	75	+2	101.5	1.7	28.4
87	27	Mar. Lewis No. 20	75	+2	101.5	1.7	28.4
88	28	Mar. Lewis No. 20	75	+2	101.5	1.7	28.4
89	29	Vicki-Linton No.	61	+2	101.5	1.7	24.2
90	30	White Hawk No.	61	+2	101.5	1.7	24.2
91	31	White Hawk No.	61	+2	101.5	1.7	24.2
92	32	White Hawk No.	61	+2	101.5	1.7	24.2
93	33	White Hawk No.	61	+2	101.5	1.7	24.2
94	34	White Hawk No.	61	+2	101.5	1.7	24.2
95	35	White Hawk No.	61	+2	101.5	1.7	24.2
96	36	White Hawk No.	61	+2	101.5	1.7	24.2
97	37	White Hawk No.	61	+2	101.5	1.7	24.2
98	38	White Hawk No.	61	+2	101.5	1.7	24.2
99	39	White Hawk No.	61	+2	101.5	1.7	24.2
100	40	White Hawk No.	61	+2	101.5	1.7	24.2
<b>FAR WEST RAND</b>							
101	41	Blower No.	378	+7	102.5	1.5	14.5
102	42	Blower No.	378	+7	102.5	1.5	14.5
103	43	Blower No.	378	+7	102.5	1.5	14.5
104	44	Blower No.	378	+7	102.5	1.5	14.5
105	45	Blower No.	378	+7	102.5	1.5	14.5
106	46	Blower No.	378	+7	102.5	1.5	14.5
107	47	Blower No.	378	+7	102.5	1.5	14.5
108	48	Blower No.	378	+7	102.5	1.5	14.5
109	49	Blower No.	378	+7	102.5	1.5	14.5
110	50	Blower No.	378	+7	102.5	1.5	14.5
111	51	Blower No.	378	+7	102.5	1.5	14.5
112	52	Blower No.	378	+7	102.5	1.5	14.5
113	53	Blower No.	378	+7	102.5	1.5	14.5
114	54	Blower No.	378	+7	102.5	1.5	14.5
115	55	Blower No.	378	+7	102.5	1.5	14.5
116	56	Blower No.	378	+7	102.5	1.5	14.5
117	57	Blower No.	378	+7	102.5	1.5	14.5
118	58	Blower No.	378	+7	102.5	1.5	14.5
119	59	Blower No.	378	+7	102.5	1.5	14.5
120	60	Blower No.	378	+7	102.5	1.5	14.5
121	61	Blower No.	378	+7	102.5	1.5	14.5
122	62	Blower No.	378	+7	102.5	1.5	14.5
123	63	Blower No.	378	+7	102.5	1.5	14.5
124	64	Blower No.	378	+7	102.5	1.5	14.5
125	65	Blower No.	378	+7	102.5	1.5	14.5
126	66	Blower No.	378	+7	102.5	1.5	14.5
127	67	Blower No.	378	+7	102.5	1.5	14.5
128	68	Blower No.	378	+7	102.5	1.5	14.5
129	69	Blower No.	378	+7	102.5	1.5	14.5
130	70	Blower No.	378	+7	102.5	1.5	14.5
131	71	Blower No.	378	+7	102.5	1.5	14.5
132	72	Blower No.	378	+7	102.5	1.5	14.5
133	73	Blower No.	378	+7	102.5	1.5	14.5
134	74	Blower No.	378	+7	102.5	1.5	14.5
135	75	Blower No.	378	+7	102.5	1.5	14.5
136	76	Blower No.	378	+7	102.5	1.5	14.5
137	77	Blower No.	378	+7	102.5	1.5	14.5
138	78	Blower No.	378	+7	102.5	1.5	14.5
139	79	Blower No.	378	+7	102.5	1.5	14.5
140	80	Blower No.	378	+7	102.5	1.5	14.5
141	81	Blower No.	378	+7	102.5	1.5	14.5
142	82	Blower No.	378	+7	102.5	1.5	14.5
143	83	Blower No.	378	+7	102.5	1.5	14.5
144	84	Blower No.	378	+7	102.5	1.5	14.5
145	85	Blower No.	378	+7	102.5	1.5	14.5
146	86	Blower No.	378	+7	102.5	1.5	14.5
147	87	Blower No.	378	+7	102.5	1.5	14.5
148	88	Blower No.	378	+7	102.5	1.5	14.5
149	89	Blower No.	378	+7	102.5	1.5	14.5
150	90	Blower No.	378	+7	102.5	1.5	14.5
151	91	Blower No.	378	+7	102.5	1.5	14.5
152	92	Blower No.	378	+7	102.5	1.5	14.5
153	93	Blower No.	378	+7	102.5	1.5	14.5
154	94	Blower No.	378	+7	102.5	1.5	14.5
155	95	Blower No.	378	+7	102.5	1.5	14.5
156	96	Blower No.	378	+7	102.5	1.5	14.5
157	97	Blower No.	378	+7	102.5	1.5	14.5
158	98	Blower No.	378	+7	102.5	1.5	14.5
159	99	Blower No.	378	+7	102.5	1.5	14.5
160	100	Blower No.	378	+7	102.5	1.5	14.5
161	101	Blower No.	378	+7	102.5	1.5	14.5
162	102	Blower No.	378	+7	102.5	1.5	14.5
163	103	Blower No.	378	+7	102.5	1.5	14.5
164	104	Blower No.	378	+7	102.5	1.5	14.5
165	105	Blower No.	378	+7	102.5	1.5	14.5
166	106	Blower No.	378	+7	102.5	1.5	14.5
167	107	Blower No.	378	+7	102.5	1.5	14.5
168	108	Blower No.	378	+7	102.5	1.5	14.5
169	109	Blower No.	378	+7	102.5	1.5	14.5
170	110	Blower No.	378	+7	102.5	1.5	14.5
171	111	Blower No.	378	+7	102.5	1.5	14.5
172	112	Blower No.	378	+7	102.5	1.5	14.5
173	113	Blower No.	378	+7	102.5	1.5	14.5
174	114	Blower No.	378	+7	102.5	1.5	14.5
175	115	Blower No.	378	+7	102.5	1.5	14.5
176	116	Blower No.	378	+7	102.5	1.5	14.5
177	117	Blower No.	378	+7	102.5	1.5	14.5
178	118	Blower No.	378	+7	102.5	1.5	14.5
179	119	Blower No.	378	+7	102.5	1.5	14.5
180	120	Blower No.	378	+7	102.5	1.5	14.5
181	121	Blower No.	378	+7	102.5	1.5	14.5
182	122	Blower No.	378	+7	102.5	1.5	14.5
183	123	Blower No.	378	+7	102.5	1.5	14.5
184	124	Blower No.	378	+7	102.5	1.5	14.5
185	125	Blower No.	378	+7	102.5	1.5	14.5
186	126	Blower No.	378	+7	102.5	1.5	14.5
187	127	Blower No.	378	+7	102.5	1.5	14.5
188	128	Blower No.	378	+7	102.5	1.5	14.5
189	129	Blower No.	378	+7	102.5	1.5	14.5
190	130	Blower No.	378	+7	102.5	1.5	14.5
191	131	Blower No.	378	+7	102.5	1.5	14.5
192	132	Blower No.	378	+7	102.5	1.5	14.5
193	133	Blower No.	378	+7	102.5	1.5	14.5
194	134	Blower No.	378	+7	102.5	1.5	14.5
195	135	Blower No.	378	+7	102.5	1.5	14.5
196	136	Blower No.	378	+7	102.5	1.5	14.5
197	137	Blower No.	378	+7	102.5	1.5	14.5
198	138	Blower No.	378	+7	102.5	1.5	14.5
199	139	Blower No.	378	+7	102.5	1.5	14.5
200	140	Blower No.	378	+7	102.5	1.5	14.5
201	141	Blower No.	378	+7	102.5	1.5	14.5
202	142	Blower No.	378	+7	102.5	1.5	14.5
203	143	Blower No.	378	+7	102.5	1.5	14.5
204	144	Blower No.	378	+7	102.5	1.5	14.5
205	145	Blower No.	378	+7	102.5	1.5	14.5
206	146	Blower No.	378	+7	102.5	1.5	14.5
207	147	Blower No.	378	+7	102.5	1.5	14.5
208	148	Blower No.	378	+7	102.5	1.5	14.5
209	149	Blower No.	378	+7	102.5	1.5	14.5
210	150	Blower No.	378	+7	102.5	1.5	14.5
211	151	Blower No.	378	+7	102.5	1.5	14.5
212	152	Blower No.	378	+7	102.5	1.5	14.5
213	153	Blower No.	378	+7	102.5	1.5	14.5
214	154	Blower No.	378	+7	102.5	1.5	14.5
215	155	Blower No.	378	+7	102.5	1.5	14.5
216	156	Blower No.	378	+7	102.5	1.5	14.5
217	157	Blower No.	378	+7	102.5	1.5	14.5
218	158	Blower No.	378	+7	102.5	1.5	14.5
219	159	Blower No.	378	+7	102.5	1.5	14.5
220	160	Blower No.	378	+7	102.5	1.5	14.5
221	161	Blower No.	378	+7	102.5	1.5	14.5
222	162	Blower No.	378	+7	102.5	1.5	14.5
223	163	Blower No.	378	+7	102.5	1.5	14.5
224	164	Blower No.	378	+7	102.5	1.5	14.5
225	165	Blower No.	378	+7	102.5	1.5	14.5
226	166	Blower No.	378	+7	102.5	1.5	14.5
227	167	Blower No.	378	+7	102.5	1.5	14.5
228	168	Blower No.	378	+7	102.5	1.5	14.5
229	169	Blower No.	378	+7	102.5	1.5	14.5
230	170	Blower No.	378	+7	102.5	1.5	14.5
231	171	Blower No.	378	+7	102.5	1.5	14.5
232	172	Blower No.	378	+7	102.5	1.5	14.5
233	173	Blower No.	378	+7	102.5	1.5	14.5
234	174	Blower No.	378	+7	102.5	1.5	14.5
235	175	Blower No.	378	+7	102.5	1.5	14.5
236	176	Blower No.	378	+7	102.5	1.5	14.5
237	177	Blower No.	378	+7	102.5	1.5	14.5
238	178	Blower No.	378	+7	102.5	1.5	14.5
239	179	Blower No.	378	+7	102.5	1.5	14.5
240	180	Blower No.	378	+7	102.5	1.5	14.5
241	181	Blower No.	378	+7	102.5	1.5	14.5
242	182	Blower No.	378	+7	102.5	1.5	14.5
243	183	Blower No.	378	+7	102.5	1.5	14.5
244	184	Blower No.	378	+7	102.5	1.5	14.5
245	185	Blower No.	378	+7	102.5	1.5	14.5
246	186	Blower No.	378	+7	102.5	1.5	14.5
247	187	Blower No.	378	+7	102.5	1.5	14.5
248	188	Blower No.	378	+7	102.5	1.5	14.5
249	189	Blower No.	378	+7	102.5	1.5	14.5
250	190	Blower No.	378	+7	102.5	1.5	14.5
251	191	Blower No.	378	+7	102.5	1.5	14.5
252	192	Blower No.	378	+7	102.5	1.5	14.5
253	193	Blower No.	378	+7	102.5	1.5	14.5
254	194	Blower No.	378	+7	102.5	1.5	14.5
255	195	Blower No.	378	+7	102.5	1.5	14.5
256	196	Blower No.	378	+7	102.5	1.5	14.5
257	197	Blower No.	378	+7	102.5	1.5	14.5
258	198	Blower No					

[illegible]

40	Vintage 2%	70	107%	1.0	6.5
<b>DIAMOND AND PLATINUM</b>					
230	Anglo-Am Liv 5%	547%	+1	600%	1.1
64	Shamrock Pl. 1%	112	+4	70 1/2%	7.5
285	De Beers DI. 5%	422	+6	70 1/2%	1.0
925	Do. Corp. Pl. 3%	511%	+1	65 1/2%	1.0
54	Tadousburg 2%	78		72 1/2%	1.1
70	Plas. Plat. 1%	187	+1	72 1/2%	1.0

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page.





## MEN OF THE WEEK

# Right on target

BY MICHAEL THOMPSON-NOEL

THE Saatchi brothers—Charles, 35, Maurice, 32—are winning the general election campaign bands down. They may come a cropper at the polls. But for now these enigmatic figures of the British advertising industry are scoring so many percentage points on the swinometer of political comment that you would be excused if you thought they were running for president.

You need no reminders. Saatchi and Saatchi Garland-Compton is the British-owned advertising agency hired by the Conservative Party to sell its wares and talk in the people. The Tories are spending at least £2m on their general election run in. They seek power, and the pursuit of that power has been entrusted to professionals. In choosing Saatchi's, the Tories went straight for the most successful and the hardest advertising shop in town.

## Labour fury

Results are already coming in. Advertising is a deadly competitive business. It attempts to enthrone, excite and inform. Above all, it must purchase attention, so that the success of the Tory campaign to date—two television party politicals and one High Street poster—can be judged by the fury of Labour's reaction.

Mr. Denis Healey has now entered the lists. On Wednesday he slammed the "rent-a-fake politics" of the campaign to date and thought it unsurprising that Saatchi and Saatchi, specialists



Brothers Maurice (left) and Charles Saatchi making Maggie brand leader

in promoting detergents and deodorants as he dubbed them. He had been chosen to "cleanse and sweeten the image of extremism and division" created by Mrs. Margaret Thatcher.

Jokes about deodorants are sometimes funny. Labour's reaction to date has helped focus attention on the first salvo of issues the Tories are raising. So far their money has been well spent.

At the eye of the storm are the Saatchi brothers. Charles is the creative force, shadowy and curly-headed, spinning off images and ideas. Maurice, a prize LSE student, supplies the business drive, quiet and cautious and although still only 32, known reverentially at the Ritz as "Mr. Maurice".

From virtually nowhere eight years ago, they have driven Saatchi and Saatchi Garland-Compton into position as the fourth largest advertising agency in Britain, so that they are now breathing down the necks of the three American-owned leaders—McCann, E. J. Walter, Thompson and McCann-Erickson.

Overall, the Saatchi group has become the second biggest advertising group in Britain. It is publicly quoted. Half-year results to June 30 showed a turnover of £24.8m for a pre-tax profit of £755,000 (£571,000).

Spectacular business growth over the past year has been fuelled by new business elements from a roster of blue-chip clients that includes IBM, United Biscuits, B.L. (British Leyland), Allied Breweries, Rowntree Macintosh and Cadbury Schweppes.

Its work—characterised by awards and sanctified by results—is part of the national consciousness from Dunlop's disappearing world to the Health Education Council's pre-emptive briefings from Cadbury's twice twice the flavour for P... P... Pick up a Penguin.

## Driving force

The best clue to the driving force of the Saatchi came in their last annual report. In analysing the company's future prospects, said the report, "we think it increasingly important for us to adopt the same disciplines we recommend to our clients for their brands—in sharp in the definition of our long-term objectives. Frank about our genuine strengths and weaknesses, and clear about our position in the market."

That is how they are selling the Tories. You may not like the Tories. You may detest the message. But then the choice of brand is yours.

# Blow for Carter on tax relief plan

BY DAVID BUCHAN

WASHINGTON, August 11.

PRESIDENT CARTER has been dealt a major blow by the House of Representatives which last night gave overwhelming approval to a \$16.3bn tax cut Bill and brushed aside an Administration-supported alternative \$18.1bn tax relief package that would have favoured the lower income earners.

Some Administration officials predicted today that the President would now have to carry out his earlier threat to veto the Bill which discards virtually all of Mr. Carter's original tax reform proposals, because it gives too much relief to wealthy holders of capital gains.

The Senate, to which the Bill now passes, is expected to make it even less acceptable to Mr. Carter, probably by lowering the maximum rate on capital gains (at present 48 per cent) below the 35 per cent rate approved by the House.

But, of course, a Presidential veto would also remove the tax cut stimulus that Administration economists believe is still needed, to offset the effect of the weakening growth rate and social security tax increases due next January.

The overall size of the House tax cut Bill—though at \$16.3bn a couple of billion dollars less than that supported by the Administration—is not in dispute. The Administration has in any case been steadily scaling down its proposals from the original \$24.5bn as inflation has grown worse.

At issue is the composition of the package. To cheers and applause from some members, the House turned down by 225 votes (91 of them Democrats) to 193 a last-minute counter-attack by the Administration that would have reduced the amount of capital gains relief by \$300m less than in the House Bill and directed more of the individual tax cuts to poorer taxpayers.

The Tax Bill now provides for: individual tax cuts of \$10.4bn next year, with less than a quarter of that going to those earning under \$20,000 a year.

Business tax cuts of \$4bn, with a lowering of top corporation tax rate from 48 to 46 per cent and a generous investment tax credit.

# New delays hit Teesside project as costs double

BY KEVIN DONE, CHEMICALS CORRESPONDENT

COMPLETION of Phillips Petroleum's major oil and gas liquids terminal on Teesside has been further delayed. Construction is three years behind schedule and the cost of the project is understood to have more than doubled to over \$300m.

The natural gas liquids processing units are unlikely to be completed before the second quarter of 1979, Phillips said yesterday.

The Phillips site is one of several large construction projects in the UK, involving the investment of millions of pounds, which have suffered severe delays and cost overruns. The Phillips site, which includes power stations, steel works and chemical plants, are concentrated on Teesside, but sites in other parts of the UK have also been badly affected.

Phillips said that the delay on the gas liquids units had been caused by several factors. Some of the equipment for handling cold hydrocarbons that had been supplied to the site did not meet specifications, it said. There had also been unforeseeable changes in design, and pre-fabricated piping that had been welded away from Seal Sands was not up to standard and had to be modified on the site.

These problems have been exacerbated by labour difficulties. Delays had been added, said Phillips, by lower than expected productivity and recurrent industrial action on Teesside.

The Government is anxious about the mounting delays of major construction projects and is concerned that foreign companies might be deterred from investing in the UK.

Phillips has run into problems with its Norwegian customers over the supply of the natural gas liquids, such as ethane and propane.

Deliveries were supposed to begin to Norway's first petrochemicals complex at Samble last year. Part of the deal covering the whole Ekofisk development in the Norwegian sector of the North Sea was that Norway would get back some of the natural gas liquids at below market price.

For the moment the Norwegian companies, Norsk Hydro, Statoil and Saga Petroleum, are having to operate the plants on feedstocks purchased elsewhere at world market prices.

Phillips has recently reached an out-of-court settlement with its customers agreeing to pay compensation to meet some of the cost of the mounting delays.

A cut in capital gains tax by \$1.9bn, including the indexing of capital assets to eliminate tax on inflation gains and a once-only concession to homeowners to avoid tax on up to \$100,000 on the sale of a house.

The Carter Administration clearly made tactical blunders in its tax strategy. One was to assume that tax reforms, such as banning the deduction for tax purposes of business lunches, curbs on real estate depreciation and on benefits for exporters and multinational companies, would be popular in a Congressional election year.

Mr. Al Ullman, chairman of the House Ways and Means Committee, who steered the Bill through, said it was designed to meet the often forgotten needs of the middle-income taxpayer.

Another mistake was for the Administration to have left its counter-attack far too late. Only after the House Ways and Means Committee had thrown out all of the President's reforms did the Administration belatedly try to muster support behind a compromise.

Craft and supervisory allowances, payable when craftsmen or supervisory staff take on work not normally done by their grades, will be raised under the formula by 50 per cent.

Some pay anomalies will be corrected and some 30,000 low-paid workers will get between £1 and £150 from a new productivity bonus under the special efficiency scheme.

Negotiations for the 1979 settlement will be based on a study of comparable pay and conditions outside the Civil Service and means of implementing the findings. The negotiations will also discuss altering the industrial July 1 wage settlement to align with the white-collar settlement date of April 1 and prevent the former from falling behind general settlement levels by being lost in the wage queue.

Union leaders place great importance on the final two elements of the formula. The consolidation and nine per cent rise will increase the basic rate of the lowest grade, covering some 33,400 workers, from £23.50 to £24.80. The craft rate will be £26.25 and the top rate £28.55, on an increase of £1.25 a band.

A statement from the trade union side of the joint co-ordinating committee, which represents the industrial civil servants, said the final offer achieved by negotiation was the best that could be achieved by negotiation.

Mr. Peter Adams, chairman of the joint committee, said after the day-long talks, which included a meeting with Lord Peart, Lord Privy Seal, that the trade union side was always disappointed when it did not get a better deal.

Union leaders have set a deadline of August 31 for the responses from the 12 unions.

Mr. Edmund Dell, the Trade Secretary, said negotiations have been in progress for about 12 months.

As trade links grow between China and the UK, the National Coal Board has been asked to design, construct and equip two large coal mines at Tatung, and Danyang and the British Steel Corporation are understood to have hopes of winning a £1bn contract to build one of China's 10 chief integrated steel plants.

Davy is also bidding to build a 100,000-tonne-a-year methanol plant in China. The main competition for this contract is by the present round of plant ordering as the Chinese seek a rapid build-up of their chemicals industry.

The Davy plans will use a process developed jointly by Davy Powergas Union Carbide and Johnson Matthey. Davy is bidding to build similar oxoalcohol plants in Hungary, Poland, Yugoslavia and Korea.

Meanwhile, after Chinese inquiries, Humphreys and Glasgow of the UK has submitted plans to Peking for a fertiliser plant.

Continued from Page 1

## Dollar

been fairly relaxed about the implications of the appreciation for the medium-term competitiveness of British industry. This is because the trade-weighted index has risen by only 0.8 per cent in the period since it still below the peak levels of recent months. British exchange rate policy seems to be mainly concerned with ensuring that this index remains at roughly its current level.

David Buchanan adds from Washington: Talks between Mr. Michael Blumenthal, U.S. Treasury Secretary, and Mr. Michiya Matsukawa, a senior Japanese Finance Ministry official, ended last night without any agreement to activate the \$2bn U.S.-Japanese "swap" arrangement which Japan would help stabilise the dollar-yen rate.

A brief statement said both sides would continue "the current policy of intervening in exchange markets to counter disorderly conditions."

# Polaris base pickets pulled out

By Philip Bassett, Labour Staff

PICKETS AROUND the Faslane Polaris submarine base on the Clyde were withdrawn last night as an act of good faith pending a meeting on Monday.

Industrial civil servants will then consider the peace offer advanced last night after Ministers and trade union leaders agreed on a formula to end the dispute that has led to a strike at the base.

All told, 183,000 industrial civil servants are involved. The formula adds 10p to the Government's offer.

Put to union members without any recommendation. Although union leaders expect industrial action over the claim to be called off, the formula might be rejected by any of the 12 unions concerned.

Ministers agree that the formula is within the Government's 10 per cent Phase Three guidelines. It consolidates the Phase One allowance and £2.80 of the Phase Two allowance into basic rates and gives a 9 per cent additional increase.

Craft and supervisory allowances, payable when craftsmen or supervisory staff take on work not normally done by their grades, will be raised under the formula by 50 per cent.

Some pay anomalies will be corrected and some 30,000 low-paid workers will get between £1 and £150 from a new productivity bonus under the special efficiency scheme.

Negotiations for the 1979 settlement will be based on a study of comparable pay and conditions outside the Civil Service and means of implementing the findings. The negotiations will also discuss altering the industrial July 1 wage settlement to align with the white-collar settlement date of April 1 and prevent the former from falling behind general settlement levels by being lost in the wage queue.

Union leaders place great importance on the final two elements of the formula. The consolidation and nine per cent rise will increase the basic rate of the lowest grade, covering some 33,400 workers, from £23.50 to £24.80. The craft rate will be £26.25 and the top rate £28.55, on an increase of £1.25 a band.

A statement from the trade union side of the joint co-ordinating committee, which represents the industrial civil servants, said the final offer achieved by negotiation was the best that could be achieved by negotiation.

Mr. Peter Adams, chairman of the joint committee, said after the day-long talks, which included a meeting with Lord Peart, Lord Privy Seal, that the trade union side was always disappointed when it did not get a better deal.

Union leaders have set a deadline of August 31 for the responses from the 12 unions.

Mr. Edmund Dell, the Trade Secretary, said negotiations have been in progress for about 12 months.

As trade links grow between China and the UK, the National Coal Board has been asked to design, construct and equip two large coal mines at Tatung, and Danyang and the British Steel Corporation are understood to have hopes of winning a £1bn contract to build one of China's 10 chief integrated steel plants.

Davy is also bidding to build a 100,000-tonne-a-year methanol plant in China. The main competition for this contract is by the present round of plant ordering as the Chinese seek a rapid build-up of their chemicals industry.

The Davy plans will use a process developed jointly by Davy Powergas Union Carbide and Johnson Matthey. Davy is bidding to build similar oxoalcohol plants in Hungary, Poland, Yugoslavia and Korea.

Meanwhile, after Chinese inquiries, Humphreys and Glasgow of the UK has submitted plans to Peking for a fertiliser plant.

Continued from Page 1

## International cuts

Green Shield outlets

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

# Where the cash is coming from

Index rose 0.8 to 514.8

What a month the Stock Exchange is having. August is supposed to be a sleepy time in the City, but the activity in the past couple of weeks has been something for the record books. The daily level of equity turnover has surged to well over £100m, far in excess of anything seen this year, and in the first leg of the new account the FT 30 Share Index has bounced up by another 17.6 points.

The most interesting question is about where all the money is coming from. Very recently there have been signs of renewed interest by the small investor, but this is unlikely to make much of a dent in the steady pattern of disinvestment in equities which has characterised the personal sector over the years. Last year the small investor sold nearly £2bn of equities and in the first quarter of this year was selling stock at the rate of over £200m per month.

Meanwhile the big investing institutions started the year with historically low levels of liquidity. In 1977 the cash flow of the pension funds and insurance companies had amounted to a record £6.6bn, yet after putting £3.3bn into gilts, £2.0bn into equities and £0.9bn into property they had to dip into their cash reserves to make ends meet and fulfil their other commitments. This squeeze on their liquidity ratios was one of the principal reasons why the tight edged market proved such a damp squib in the opening months of the year.

By the end of the first quarter, however, institutional liquidity was beginning to look far healthier. Institutional cash flow was running at £2bn in the first three months (24 per cent up on 1977) and although they continued to pump money into equities and gilts, the institutions had increased their short term assets from £2.7bn to £3.1bn by the end of March.

Liquidity probably did not change much in the second quarter and the institutions should be fairly comfortably placed at the moment. Assuming a monthly inflow of £670m, the institutions should be able both to meet the Government's borrowing needs and put more into equities than they did last year.

The building societies and the banks may be net sellers of gilts, which could sap the institutions' liquidity. But with

the building societies should be over the worst, and the banks do not necessarily have to dump gilts to stay within the corset.

Unit Trusts

Is the public participating in this upsurge? The unit trusts certainly think so. Far from the usual seasonal slump, they are having a bumper August. All the leading groups confirm this, with M and G talking of sales up to July levels and others saying that August so far looks like the second best month of the year. But while the current recovery has undoubtedly attracted lots of new money to trusts' income funds, there remains considerable interest in Wall Street and Far Eastern funds. One group with unit sales averaging £350,000 a week so far this month had £125,000 each for its U.S. and mainly Far East funds, and £100,000 for its income fund.

On the investment side, the trust managers—collectively regarded as the weathervane of institutional attitudes—seem to be bullish in general. Views range from M and G, which talks optimistically of the index making 800 at least, to Save and Prosper, where the management is distinctly cautious and not particularly excited by future prospects. Most groups are agreed that good opportunities are becoming more difficult to find, and there seems to be no favourite sector.

Performance tables

Just about every sector of the market has shared in the rally. Tables produced by Datastream show some spectacular gains since the FT 30-Share Index shifted up from its base of 482

at the beginning of July. Not surprisingly, Lyons has been the top performing constituent of the All-Share Index, with a rise of three-fifths. Pressing up behind comes Hunting Associated which has never looked back since it sold off its energy interests to a grateful public, and a host of share groups of varying quality like Burton, Sears or Hardy and Co. Share prices are responding strongly to company news—Hambros and Glynwed have been among the fastest movers this week—and some heavily battered shares like Tate and Lyle or Borthwick have also been doing well. When the market has the bit between its teeth, anything goes.

Building societies

Good news for the Government and most homeowners: there is no need to worry about mortgage rates in the next few months. The building societies' net receipts for July amount to £180m, which apart from June is the lowest monthly figure for the last year. But these figures contain the basis of a marked recovery in the rate of inflows during the coming months.

One reason is that July's figures would have been significantly higher but for an increase in the limit on holdings of the 14th issue of National Savings Certificates, which took effect on July 1. The impact of this change, which tended to suck the funds of higher rate taxpayers out of the societies, should be less marked from now on. In addition, the recent decline in interest rates generally has made the societies a much more attractive home for savers than they were a month ago. At the beginning of July, the grossed up building society deposit rate was only fractionally higher than that on local authority three months deposits—which is probably the best indicator of competing rates. Now, a gap of over half a point has opened up between the two.

On that basis, the societies should have no problems about financing their projected £91bn of lending this year. They may not yet be in a position to rebuild their liquidity, which has been run down sharply in recent months. But the prospect of rising net receipts plus over £400m a month from repayments of principal and credited interest add up to a comfortable feeling of stability.

Continued from Page 1

## Peugeot undecided on UK

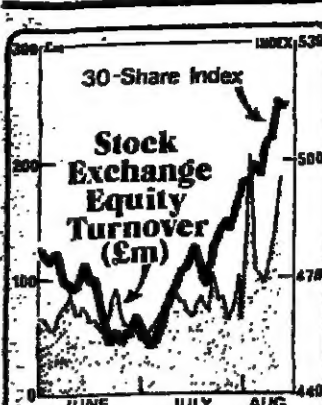
have called a meeting of senior shop stewards from all the company's UK plants which will probably take place at the end of next week.

The International Metalworkers Federation is also convening a meeting of union officials, representing Chrysler workers in France, the UK and Spain on August 30.

Senior British union officials believe that the Government is in no position to block the takeover, but warn that unions will react very seriously to a failure by Peugeot to give assurances on jobs.

"There are a lot of fears in the industry," said Mr. Grenville Hawley, the Transport Workers' national automotive secretary.

Index rose 0.8 to 514.8



What a month the Stock Exchange is having. August is supposed to be a sleepy time in the City, but the activity in the past couple of weeks has been something for the record books. The daily level of equity turnover has surged to well over £100m, far in excess of anything seen this year, and in the first leg of the new account the FT 30 Share Index has bounced up by another 17.6 points.

The most interesting question is about where all the money is coming from. Very recently there have been signs of renewed interest by the small investor, but this is unlikely to make much of a dent in the steady pattern of disinvestment in equities which has characterised the personal sector over the years. Last year the small investor sold nearly £2bn of equities and in the first quarter of this year was selling stock at the rate of over £200m per month.

Meanwhile the big investing institutions started the year with historically low levels of liquidity. In 1977 the cash flow of the pension funds and insurance companies had amounted to a record £6.6bn, yet after putting £3.3bn into gilts, £2.0bn into equities and £0.9bn into property they had to dip into their cash reserves to make ends meet and fulfil their other commitments. This squeeze on their liquidity ratios was one of the principal reasons why the tight edged market proved such a damp squib in the opening months of the year.

By the end of the first quarter, however, institutional liquidity was beginning to look far healthier. Institutional cash flow was running at £2bn in the first three months (24 per cent up on 1977) and although they continued to pump money into equities and gilts, the institutions had increased their short term assets from £2.7bn to £3.1bn by the end of March.

Liquidity probably did not change much in the second quarter and the institutions should be fairly comfortably placed at the moment. Assuming a monthly inflow of £670m, the institutions should be able both to meet the Government's borrowing needs and put more into equities than they did last year.

The building societies and the banks may be net sellers of gilts, which could sap the institutions' liquidity. But with

the building societies should be over the worst, and the banks do not necessarily have to dump gilts to stay within the corset.

Unit Trusts

Is the public participating in this upsurge? The unit trusts certainly think so. Far from the usual seasonal slump, they are having a bumper August. All the leading groups confirm this, with M and G talking of sales up to July levels and others saying that August so far looks like the second best month of the year. But while the current recovery has undoubtedly attracted lots of new money to trusts' income funds, there remains considerable interest in Wall Street and Far Eastern funds. One group with unit sales averaging £350,000 a week so far this month had £125,000 each for its U.S. and mainly Far East funds, and £100,000 for its income fund.

On the investment side, the trust managers—collectively regarded as the weathervane of institutional attitudes—seem to be bullish in general. Views range from M and G, which talks optimistically of the index making 800 at least, to Save and Prosper, where the management is distinctly cautious and not particularly excited by future prospects. Most groups are agreed that good opportunities are becoming more difficult to find, and there seems to be no favourite sector.

Performance tables

Just about every sector of the market has shared in the rally. Tables produced by Datastream show some spectacular gains since the FT 30-Share Index shifted up from its base of 482

at the beginning of July. Not surprisingly, Lyons has been the top performing constituent of the All-Share Index, with a rise of three-fifths. Pressing up behind comes Hunting Associated which has never looked back since it sold off its energy interests to a grateful public, and a host of share groups of varying quality like Burton, Sears or Hardy and Co. Share prices are responding strongly to company news—Hambros and Glynwed have been among the fastest movers this week—and some heavily battered shares like Tate and Lyle or Borthwick have also been doing well. When the market has the bit between its teeth, anything goes.

Building societies

Good news for the Government and most homeowners: there is no need to worry about mortgage rates in the next few months. The building societies' net receipts for July amount to £180m, which apart from June is the lowest monthly figure for the last year. But these figures contain the basis of a marked recovery in the rate of inflows during the coming months.

One reason is that July's figures would have been significantly higher but for an increase in the limit on holdings of the 14th issue of National Savings Certificates, which took effect on July 1. The impact of this change, which tended to suck the funds of higher rate taxpayers out of the societies, should be less marked from now on. In addition, the recent decline in interest rates generally has made the societies a much more attractive home for savers than they were a month ago. At the beginning of July, the grossed up building society deposit rate was only fractionally higher than that on local authority three months deposits—which is probably the best indicator of competing rates. Now, a gap of over half a point has opened up between the two.

On that basis, the societies should have no problems about financing their projected £91bn of lending this year. They may not yet be in a position to rebuild their liquidity, which has been run down sharply in recent months. But the prospect of rising net receipts plus over £400m a month from repayments of principal and credited interest add up to a comfortable feeling of stability.

Continued from Page 1

Peugeot undecided on UK

have called a meeting of senior shop stewards from all the company's UK plants which will probably take place at the end of next week.